



EUROPEAN UNION DEVELOPMENT AID ALLOCATIONS

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Abstract

Development aid is an important feature of the international system, and the European Union (EU) and its Member States together form the world's largest development aid donor. This research investigates the extent to which the distribution of EU development aid is based on need. Development aid allocations are subject to political considerations and biases, and this can lead to significant imbalances between comparable recipient countries. The potential exists for the EU to disburse aid using an aid equity approach; multilateral donors are generally less subject to traditional aid-biases, and the EU is seen as potentially playing a normative role in international affairs. Thus it is worth considering how the EU's development aid distribution compares to the relative needs of recipient countries, and additionally how well it compares to the development aid distributions of key Member States.

This research relates to many theoretical debates, such as the nature of the EU as an international actor, and the factors that guide, or should guide, development aid distributions. It examines the EU alongside key Member States, rather than alone or alongside other more typically multilateral donors. Also, compares the EU's development aid distribution against need as indicated by the Human Development Index (HDI), rather than against need as measured economically, or against factors of institutional performance. A study such as this has a high degree of social relevance and importance, as the issue of global disparities is perhaps the most significant facing our world. Development aid is seen as an important means of helping to improve the quality of life of people in developing countries, and the EU and its Member States constitute the leading development aid donor.

The research adopts a quantitative approach, and uses official development aid disbursement figures from the OECD. It creates and introduces an aid allocation model based on the HDI. It then compares the proportions of development aid recommended by the model for each recipient against the proportions they actually received during the 2001-2013 period. The main finding of the analysis is that the EU's development aid distribution has two clear biases; a geographic bias towards the Enlargement area and Neighbourhood, and a population size bias against large countries. However, once these biases have been accounted for, the development aid distribution of the EU is shown to be closely associated with relative levels of need as expressed by the model.

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List of Acronyms

ACP – African, Caribbean and Pacific Group of States

CAP – Common Agricultural Policy

DCI – Development Cooperation Instrument

DG Devco – Directorate-General for International Cooperation and Development

EDF – European Development Fund

EEC – European Economic Community

ENI – European Neighbourhood Instrument

EPAs - Economic Partnership Agreements

EU – European Union

HDI – Human Development Index

IMF – International Monetary Fund

IPA – Instrument for Pre-accession Assistance

MDGs – Millennium Development Goals

MPI – Multidimensional Poverty Index

NGOs – Non-governmental organisations

NPE – Normative power Europe

OECD – Organisation for Economic Co-operation and Development

SAPs – Structural Adjustment Programmes

SDGs – Sustainable Development Goals

UK – United Kingdom

UN – United Nations

CHAPTER ONE

Section 1.1 – Introduction

The world today is characterised by both concentrated wealth and high levels of development, and persistent poverty and inequality. These unbalanced levels of development constitute a major issue facing humanity in the 21st century. The discipline of development studies seeks to improve the quality of life of people throughout the world and thus issues pertaining to it have a high degree of social and global relevance.

Development aid constitutes a financial transfer between wealthy countries and developing countries; it is an important feature of the development process and the international landscape. It is widely seen as a means of helping to alleviate poverty and bring about development; however its distribution between recipient countries is affected to some extent by factors other than need.

The European Union (EU) as whole is the world's largest economy and largest development aid donor; it thus has the greatest capacity to positively influence events related to global development. Furthermore, it is a unique and interesting actor in the international system, and is influenced to some extent by the concept of normative power. The EU's approach to development specifically is affected by both theories and ideas about development, and its own nature and unique features. This research examines the EU's approach to development aid, and in particular the role that need plays in determining its overall development aid distribution.

In investigating the research topic, the thesis explores many specific issues related to it, and they are laid out as follows. Chapter 1 contains the necessary academic aspects of the thesis. After the introduction, Section 1.2 explicates the research questions that guide the structure and subject of the thesis. The remainder of the chapter overviews the research design and methodological aspects of the thesis, sets some delimitations and defines some key terms and concepts relevant to the research.

Due to the large gap between the development studies and European studies disciplines, this research examines the EU as a development aid donor from both perspectives. Chapter 2 investigates the research topic from a development studies perspective, progressing sequentially from the widest to the narrowest aspects. It begins by overviewing the most important theories and ideas about development, before introducing the human development approach adopted in this thesis and the Millennium Development Goals (MDGs); it then comments on contemporary issues in development and development theory. After an examination of the influential issue of aid effectiveness, Section 2.7 outlines the most important factors that guide development aid distributions. The chapter ends by explicating an emerging issue in development studies and a secondary focus for this thesis, the chronically underfunded countries problem.

Chapter 3 investigates the research topic from a European studies perspective. It begins by overviewing the complex nature and makeup of the EU, and approaches to understanding it. It then outlines the normative power Europe (NPE) theoretical approach to understanding the EU as an international actor adopted in this thesis, and examines attempts to link it with

EU development policy in particular. The remainder of the chapter outlines the overall approach of the EU to development, and the issue of development aid in particular.

Chapter 4 has a focus on the model for development aid allocation, based on the Human Development Index (HDI), which is created and introduced in this research. It examines approaches to measuring need and identifies the HDI as the most appropriate for use. The remainder of the chapter explains the process of creating the model, and displays the actual development aid disbursement figures it is later compared against.

Chapter 5 contains analysis comparing those development aid distributions proposed by the HDI-based aid allocation model against actual development aid distributions during the MDG era. It begins by outlining two clear biases in the distribution of EU development aid funding, then statistically tests the extent to which development aid funding from the EU and three of its key Member States is associated with relative levels of recipient need. The chapter ends by examining the issue of chronically underfunded countries as it relates to the EU's development aid distribution. Finally, Chapter 6 concludes the thesis.

Section 1.2 – Research Topic

This research investigates the EU as a development aid donor. As such, it is situated at the nexus between European studies and development studies. Both of these disciplines can influence the matter at hand in a practical sense, however there is not a strong connection between them in academia; this research is an attempt to bridge that gap. It aims to influence broader theoretical debates within development studies, particularly around the aid effectiveness and aid allocations, and also within European studies, particularly around the nature of the EU as an international actor. In doing so, it aims to help forge a stronger connection between the disciplines, and generate findings that can have a wider applicability within each of them.

The particular focus of this research is on what role need plays in guiding EU development aid funding allocations. That is, it specifically sets out to consider the extent to which EU development aid is being directed to those recipient countries that need it most. Therefore, the first research question asks: *to what extent does the distribution of development aid from EU Institutions reflect the relative human development needs of recipient countries?* This research question can be considered as the main guiding research question that most heavily influences the direction and structure of the research. To answer it involves investigating issues around development aid, the EU, and the concept of need.

As stated above, the EU's approach to development is influenced by theories and debates within both European studies and development studies. This research is rooted in both disciplines, and with the latter in mind the second research question asks: *to what extent has the EU's approach to development aid been influenced by development studies and*

development theory? To answer this question it is necessary to investigate the specific nature of the EU's approach to development and development aid. It is also necessary to gain an insight and understanding into historic and contemporary debates within the field of development studies generally, and into issues around development aid in particular.

A secondary focus for this research is on a notably problematic issue related to development aid provision; that of chronically underfunded countries. The third research question examines this issue, and asks: *to what extent does the EU's overall development aid distribution exhibit signs of allowing some recipient countries to go chronically underfunded?* Investigating this issue involves understanding the problem and how it arises generally, and considering how it relates to the EU's development aid funding more specifically. It is also worth considering which recipient countries in particular may have gone chronically underfunded.

Again, the EU's approach to development is influenced by issues within both European studies and development studies. The fourth research question, with the former now firmly in mind, asks: *to what extent has the EU's approach to development aid been influenced by the nature of the EU itself?* Answering this question involves not only understanding the EU's approach to development, but also investigating the EU itself in greater depth. This involves gaining an understanding of the European integration project, the unique make-up and nature of the EU, and how it interacts with the rest of the world. Relatedly, this research uses the concept of normative power to analyse and appraise the EU, and therefore the fifth research question asks: *to what extent does the EU's approach to development aid indicate that it constitutes a normative power in international relations?* Answering this question involves investigating the concept of normative power, and applying it to the issues raised elsewhere.

An additional secondary focus for this research is on the relationship between the EU and its Member States. While the Member States are the building blocks of the union, the EU can traditionally gain greater influence within a policy area if it can show that its contributions provide added value and enhance overall effectiveness. Thus, it is worth considering how the EU performs compared to its Member States in the realm of development. The sixth and final research question examines this issue and asks, in two parts: *to what extent does the distribution of development aid from EU Member States reflect the relative human development needs of recipient countries?; and how does this compare with the EU's development aid distribution?* This two-part question allows for comparisons between key Member States and the EU itself to be made. These comparisons can indicate the extent to which the EU's actions reflect, complement, enhance, or influence in some other way, those of its Member States.

Finally, while this research engages with theory, has explanatory aspects, and is mostly evaluative in nature, its aim is to influence policy, and thus can be considered as policy-oriented research. The intention is that, in totality, it provides a sufficiently robust analysis of the EU's approach to development aid funding that informed practical policy advice on the subject can be offered based on its findings.

Section 1.3 – Research Design and Methodology

The research model for this thesis is informed by the main guiding research question, which asks to what extent the distribution of development aid from the EU reflects the relative human development needs of recipients. In this research model, need is the independent variable. Need is difficult to define and measure, and Section 4.1 examines this and other issues around need further. The dependent variable in the research model is the development aid distribution (of the EU in the main, and secondarily of the key Member States). So in sum, the aim is to examine how need affects the development aid distribution(s).

While only one independent variable has been identified, in order to have a clear core focus for the research, it is acknowledged that other intervening variables will influence development aid distributions. Along with need, development aid distributions can be affected by factors such as recipient institutional performance, a colonial or special relationship bias, a geographic bias, or the well-known small country bias. These and other political factors are examined further in Section 2.7, and collectively the politics of aid constitutes the main intervening variable in the research model. While not the main focus, the research inevitably touches on these issues and aims to shed some degree of light on them.

The main research hypothesis is that development aid, from both EU Institutions and Member States, is largely driven by need. That is, that need is an important variable in determining development aid distributions. This hypothesis is a reflection of the generally accepted rationale for development aid. The secondary hypothesis is that EU development aid is distributed more strongly on a needs basis than that of its Member States, and thus enhances the overall importance of need as a factor. This reflects the general belief that multilateral donors are less influenced by traditional aid biases than states; although due to its nature, the EU is not a typical multilateral, it is not unreasonable that this would still apply. Furthermore, the EU is considered to be a possible normative power in international affairs, and as such could be expected to have a more need-based development aid distribution. The concept of normative power is quite influential in European studies, and has been influenced heavily by the writings of Manners; it is explored further in Section 3.3, and serves as a theoretical lens through which the EU as a development aid donor is examined. The third and final hypothesis concerns the second and fourth research questions, and is that the EU's approach to development aid is influenced more strongly by its own nature than by development theory. This reflects the aforementioned gap between the two disciplines, and that previous studies of the EU as a development aid donor have generally situated themselves within the European studies tradition.

In order to best examine the extent to which EU development aid reflects the human development needs of recipients, it is necessary to adopt a quantitative approach. Thus, the research makes use of official statistics from datasets made available online by organisations such as the United Nations (UN) and Organisation for Economic Co-operation

and Development (OECD), which allows for an analysis of where development aid funding is actually being directed to. It is also necessary to consider the wider issues that affect the EU's approach to development, so the research also makes use of other resources, including academic sources such as books and journal articles, and documents, reports and information pages published online by the EU and other organisations. Overall, the research can be considered as secondary empirical research.

The quantitative approach has become widely used in the social sciences, and plays an important role in development studies. As the discipline aims to improve people's lives, it is important to try and measure that improvement, in order to verify it. Although quantitative measures are sometimes used at the micro level, more pertinently here they are widely used at the macro level. There is much debate around how best to monitor development progress and which indicators best measure development. Every year, the UN publishes the HDI, which is an attempt to quantify development at the macro level. The HDI can be considered as part of the human development approach to development studies, a school strongly influenced by the writings of Sen; this theoretical approach is further explored in Section 2.2, and (alongside normative power) serves as an additional lens through which the research examines the EU as a development aid donor.

The main advantage of the quantitative approach is its wide scope that allows generalisations to be made, and broad conclusions relevant at national and global levels to be reached; for this reason, it is widely used when formulating policy.¹ The main disadvantage of the quantitative approach can also be found in this broadness; it can only capture what is easily measurable, cannot show diversity within the units that are being measured, and on the whole does not reflect the richness of human life and diversity of experiences.² The possibility of mistakes in the data, or errors in the collection of the data, must also be acknowledged. This is mitigated somewhat in this research by the use of widely-respected UN and OECD data. Overall, despite these concerns, a quantitative approach is the most appropriate way to answer the main guiding research question for this thesis.

In order to test the relationship between need and development aid, the specific method used is Pearson's Correlation Coefficient Analysis. This is a measure of linear correlation widely used in the social sciences. It can indicate the existence of an association or correlation between the variables; however, it must be noted that such an association does not necessarily equate with a causal relationship. Also, in order to test some potential biases and identify potentially chronically underfunded countries, the research proposes and creates an HDI-based aid allocation model. The performance of both the EU and the key Member States is then compared against the model. Whilst this approach is somewhat experimental, it is similar to that used in two key studies that have been published on the

¹ Carvalho, S. and H. White (1997). Combining the Quantitative and Qualitative Approaches to Poverty Measurement and Analysis. Washington D.C., The World Bank. pp. 10-13.

² Ibid. pp. 10-13.

matter.^{3,4} Although the research is quantitative in nature, it is not overly statistical, and its theoretical grounding in both development studies and European studies is of primary importance. Statistical data is used so it can be interpreted appropriately in ways that elicit suitable practical policy advice.

This research takes a comprehensive approach to analysing the EU as a development aid donor; rather than focussing on a particular recipient, selection of recipients, or region, it considers disbursements to all recipients of EU development aid. In this way, the EU itself is the case that is being studied, and it is a pertinent case due to its unique and prominent role in international affairs and overall status as the world's leading donor. For the Member State comparisons, the Member States selected are France, Germany and the United Kingdom (UK). The EU now has 28 Member States, and while each has its own development programme, it is unfeasible in a research project of this size to analyse all of them. France, Germany and the UK are the Member States with the largest development aid budgets in absolute terms, and disburse volumes comparable to that of the EU Institutions; additionally, they are widely seen as the strongest and most influential states within the EU. As the focus of this research is on the EU as a development aid donor, the main use of the key Member States is for comparative purposes, and the underlying factors that influence their own specific approaches to development are not emphasised.

Finally, regarding the philosophy of science, this research could be seen as traditionally positivist, due to its empirical quantitative approach. However, it also engages extensively with theory, and aims to remould and improve reality rather than just describe it; in this way it could be seen as belonging to the post-positivist critical theory school. Essentially, it does not take a strong position on issues relating to the philosophy of science, as most methods of building and refining human knowledge have some degree of validity, which rests mainly on their relevance to the subject matter. The methods and overall approach used in this research are selected primarily due to their practical usefulness in answering the research questions.

Section 1.4 – Delimitations

While the research topic and approach is as defined in the previous sections, it remains necessary to clearly define and clarify some of its parameters.

To begin with, the time-period for which data is included, is 2001-2013. In the latter part of 2000, the MGDs were signed. These goals, which will be explored further in Section 2.3,

³ Organisation for Economic Co-operation and Development (2012). Identification and Monitoring of Potentially Under-aided Countries. Development Assistance Committee. Paris, OECD.

⁴ Utz, R. (2010). Will Countries with Insufficient Aid Please Stand Up? Concessional Finance and Global Partnerships Vice Presidency. Washington D.C., The World Bank.

were a significant global endeavour and become hugely influential within the realm of development. Their signing represented a paradigm shift such that the subsequent period can be considered as the MDG era. The aim of this thesis is to, as best possible, take a macro historical snapshot of that MDG era, in order to allow for conclusions about the period as a whole to be reached. The year 2000 is generally used as a baseline year in the collection and display of MDG data, rather than as part of the period itself, so is thus excluded; for the purposes of this research, 2001 is seen as the beginning of the MDG era. 2013 is the final year included in the study, as although the MDG era continues two years beyond it, at the time of writing it is the most recent year with available HDI and development aid data. Additionally, in the year 2000, the EU signed the Cotonou Agreement with a number of developing countries; this represented a paradigm shift of its own, with regards to the EU's approach to development. The Cotonou Agreement will be explored further in Section 3.5, and its historically close proximity in start-date with the beginning of the MDG era gives further rationale for the time-period used in the research. As the explicit focus of the research is on the MDG period as a whole, it will not examine changes or trends that may have occurred within the period. This approach reinforces the wider holistic perspective taken in the research. The MDGs were replaced in late 2015 by the Sustainable Development Goals (SDGs), which means the MDG era is coming to a close. As the world transitions away from the MDG era, now is an appropriate time to look back on the period, and reflect on what learnings can be taken from it moving forward.

Secondly, the research has an exclusive focus on development aid, rather than including other types of financial flows. It is important to acknowledge that development aid is not the only means of financing that is used for the purposes of development; others can include the likes of remittances, private donations or private aid, other capital or investment flows, and domestic taxation or resource mobilisation. While issues around financing for development are touched upon in the research, these other types of financial flows are not included in the analysis; they are each distinct enough from development aid in varying ways, and their distributions are likely to be driven by rationales other than need. Also, there is the issue of humanitarian aid, a specific type of aid that is given in the immediate aftermath of disasters and financed through its own mechanisms, which is sometimes analysed alongside development aid. It is deemed outside of scope for this research, as its distribution is likely and understandably to be driven by a different logic based on the spatial occurrence of disasters.

Additionally, it is important to note that this research examines development aid disbursements, rather than development aid commitments. That is, it examines the distribution of how EU development aid funding has actually been allocated to recipient states. Also, it uses net disbursements rather than gross disbursements, as in the MDGs, and again, considers disbursements to all countries that receive EU development aid. A disbursement represents an actual financial transfer, and thus an analysis of disbursements most accurately shows where the EU's development aid priorities lie.

Finally, when examining the EU's development aid priorities, this research considers priorities in terms of recipient states, rather than sub-state units, or sectors. Although

states vary in size and other characteristics (and although the European integration project is bringing this assumption into question), they are widely considered the building blocks of the international system. As such, it is common across international organisations to aggregate data at the level of the state, and states are commonly used as the unit of analysis in studies of this type. While development aid distributions may be skewed within states, this is difficult to ascertain when studying a large number of states, and unfeasible to examine in this research. Relatedly, a focus on priorities in terms of recipient states is adopted in preference to a focus on sectoral priorities. Development aid can have a specific sectoral focus on the likes of good governance, infrastructure, absolute poverty reduction, education, conflict prevention, or something else. These sectoral issues permeate throughout the development discourse and thus are inevitably touched on in the thesis, however, as they have lesser relevance to the research questions, they are not the main focus for analysis.

Section 1.5 – Key Terms and Concepts

The research makes use of a number of terms and concepts, and some of the most important are clarified here.

Development aid is a feature of the international relations landscape being analysed in this research. It is a financial transaction between a development aid donor and a development aid recipient, made with the explicit purpose of helping the recipient in the development process in some way shape or form. This research uses the term development aid, or sometimes the short form of aid, however it can also be known as development assistance, overseas development assistance, or ODA.

Developing countries refers to those countries in the international system that are generally recipients of development aid and seen to be less developed or less wealthy. The term developing countries is preferred to the likes of undeveloped countries, underdeveloped countries or less developed countries in this research. It is also generally preferred to categorisations such as low income countries, as development encompasses more than just incomes. Categorising the countries of the world in terms of their levels of development is problematic, and it is acknowledged that the term developing countries is slightly misleading, as all countries could be said to be developing in some way. However, it is necessary for the practical purposes of the research to have a particular term consistently used, and developing countries is widely used in this way in the field of development studies.

The *development aid distribution* refers to the proportions of overall development aid packets that particular recipient countries receive, rather than the absolute amount they receive. As this research examines development aid distributions, it takes that stance that a

more equitable distribution is feasible regardless of the overall absolute size of the development aid packet.

The *European Union (EU)* is the international actor being examined in this research, and is referred to throughout the thesis. Section 3.1 overviews the nature and history of the EU. It is the current institutional form of the European integration project, and was established as such in 1993. For simplicity, pre-existing formal structures of the European integration project are generally referred to as EU also.

Normative power Europe (NPE) is a theoretical lens being adopted in this research, and it is overviewed in Section 3.3. It is a particular conception of international relations, but is not widely referred to in that field; rather it is usually applied in particular to the EU by many within European studies.

Need is the key independent variable in this research, and the focus is on how to practically operationalise the concept, rather than on the philosophical underpinnings of the concept itself. Section 4.1 examines different approaches to measuring or quantifying need. Poverty is a concept referred to often in development studies, and in this research it is considered closely related to need, as both influence the overall development status of a country.

The *0.7% target* is an important concept in studies of development aid. It refers to the proportion of their gross national income that wealthy countries have repeatedly committed to giving as development aid.

The *MDG era* is the survey period for this research. The Millennium Development Goals (MDGs) were signed in 2000 and were the driving force in international development until 2015. When used in relation to the practical purposes of this research, the term MDG era refers more accurately to the 2001-2013 period from which data was included; the term MDG period is generally used synonymously with MDG era.

Finally, *chronically underfunded countries* refers to those development aid recipients that receive a smaller proportion of development aid than their level of need indicates they should, over an extended period of time. To be clear, it refers specifically to those countries that are relatively under-aided, rather than absolutely under-aided, as based on an absolute scale most developing countries could reasonably be considered under-aided. The use of the term chronically is justified by the long survey period used in the research. The term donor orphans is more commonly used to refer to these countries, but it is generally not used in this research as it problematically infantilises developing countries; the more descriptive term of chronically underfunded countries is preferred in this research.

CHAPTER TWO

Section 2.1 – Development Studies and Development Theory

Development studies is a multi-disciplinary field concerned with issues pertaining to the quality of life of people in the developing world. Theoretically, it seeks to understand how states change and evolve in ways that improve the wellbeing of their populations. In an applied sense, it seeks to investigate and propose how actors can influence the process of those changes. It is accompanied by a large and dense body of development theory, of which the most influential parts are overviewed in this chapter. As a discipline, development studies has a specific and explicit normative point of departure, the goal of improving lives, that sets it apart from other academic disciplines. Because this goal serves as a guide and motivator, it is particularly concerned with the practical relevance of research.⁵

While development studies has seen much growth in the last 25 years, its emergence as a discipline is usually dated to the post-World War II era of decolonisation. At this time, wealth and high levels of development were seen to characterise some parts of the world, while others were seen to exist in a contrasting state of poverty. A desire to spread that wealth and development to those poorer parts of the world, and improve their economic prospects, motivated early developmentalists. In 1949, then-United States President Truman spoke about better using the world's resources to relieve the suffering of people around the world; he saw greater economic production as the key to prosperity and peace, and scientific and technical knowledge as the means of achieving that greater production.⁶ Truman's speech is widely seen as a historical demarcation point, after which development itself became a subject of overt practical and academic concern.

This conception of development, where the focus was on diffusing science and technology to increase productivity, became known as *modernisation theory*, and it effectively occupied the default theoretical position in development studies. It contended that the path taken by the wealthier countries provided a model that the developing countries could follow. In order to replicate the progress of the more advanced countries, it held that developing countries needed to undergo a shift in mentality from traditional to modern values, and traditional beliefs were often seen as a barrier to progress and economic growth. It also advocated for increased trade, market-friendly policies, and the development of a dynamic private sector, led and directed by a strong state. In addition to its strong normative or ethical element, development was imbued with a strong political element from its outset. The United States and the capitalist countries offered the developing countries a vision of

⁵ Sumner, A. (2006). "What Is Development Studies?" *Development in Practice* 16(6): 644-650.

⁶ Harry S. Truman Presidential Library and Museum. "Truman's Inaugural Address, January 20, 1949." Retrieved 16 November, 2015, from https://www.trumanlibrary.org/whistlestop/50yr_archive/inagural20jan1949.htm.

development through modernisation and economic growth, in part as a means of countering and reducing the influence of the Soviet Union and the communist countries.^{7,8}

The modernisation approach was most memorably systematised by Rostow, who detailed the stages of economic development a developing country needed to pass through, in order to catch up with the advanced industrialised countries. In Rostow's model, the initial stage was traditional society, and in the second stage the country would develop the preconditions for take-off; this would be followed by the take-off itself, a drive to maturity, and finally a stage described as the age of high mass consumption.⁹ Development was therefore conceived of by modernisation theory as a linear process of economic growth, with a focus on increasing incomes by increasing the overall production level of the state.

Modernisation theory did not go unchallenged, especially in the developing world itself, where states sought to determine the most appropriate development strategies to adopt. Of particular concern was deciding the degree to which they should engage in international trade or focus on building their own industries. Over time, the main school that formed as a critique or counterpoint to modernisation theory was *dependency theory*. It observed many realities of the post-World War II and post-colonial experience for developing countries, considered their engagement with modernisation to be a failure, and sought to explain why. Dependency theory argued that the world was made up of a developed core and an underdeveloped periphery; this global system was structurally unfair and generated unequal exchanges between core and periphery. From this perspective, economic growth in the wealthy core countries was occurring through exploitation of the periphery, and thus developing countries were poor, and remained so, precisely because of their peripheral place in the system.^{10,11}

Dependency theory is often associated with the writings of Frank, who analysed Latin America in particular. He believed that the poor status of developing countries was not akin to a start point, as proposed by the stages of growth model, but rather more akin to an end point, due to the legacy and ongoing effects of the colonial era. Furthermore, he argued that the stages of growth model was an inaccurate conception of the reality for developing countries; while the wealthy countries of the time had once been undeveloped, their economic progression had taken place in a different historical context and did not provide a viable model to replicate. For Frank and other dependency theorists, developing countries instead existed at the periphery of a system deliberately constructed for their exploitation;

⁷ Willis, K. (2011). Theories and Practices of Development. Abingdon, Oxon, Routledge. pp. 44-47.

⁸ Harriss, J. (2014). Development Theories. International Development: Ideas, Experiences, and Prospects. B. Currie-Alder, R. Kanbur, D. M. Malone and R. Medhora. Oxford, Oxford University Press: 35-49.

⁹ Willis, K. (2011). Theories and Practices of Development. Abingdon, Oxon, Routledge. p. 46.

¹⁰ Conway, D. and N. Heynen (2014). Dependency Theories: From ECLA to Andre Gunder Frank and beyond. The Companion to Development Studies. V. Desai and R. B. Potter. Abingdon, Oxon, Routledge: 111-115.

¹¹ Harriss, J. (2014). Development Theories. International Development: Ideas, Experiences, and Prospects. B. Currie-Alder, R. Kanbur, D. M. Malone and R. Medhora. Oxford, Oxford University Press: 35-49.

their development prospects within this system were seen as low, and it would be advisable for them to disengage and remove themselves from it as best possible.¹²

Dependency theory strongly influenced and helped spawn political theories such as world systems theory, which would itself have some influence on perspectives of development. While dependency and its related approaches challenged the dominant paradigm of modernisation, the solution of disengaging from the system proved impractical. Ultimately, neither modernisation nor dependency became universally accepted, or seen as successful in bringing about development, and the discipline was for some time at a theoretical impasse between them. Neither was seen as providing a satisfactory account of differences in the development experience between different countries, nor a full understanding of the complex challenges that developing countries faced.¹³

The impasse in development studies would eventually be broken by the arrival of *neoliberal development*. This approach had its roots in the neoliberal economics and politics that had become influential in the United States and a number of other wealthy countries. The neoliberal economic approach involved a rise in the influence of private and corporate interests, and a reduction in the power of the state. Neoliberal development can be considered as the application of this approach to development studies; it served as something of a spiritual successor to modernisation, and a counterpoint to dependency. It believed that globalisation and free markets could bring about positive change to developing countries, and thus advocated they increase international trade and integrate further into the global economy, in order to achieve development progress and economic growth.^{14,15}

Neoliberal development contended that previous efforts at achieving development had been unsuccessful due to poor choices made by states. Thus, it advocated for the removal of the state as the leading actor in determining development strategies. Instead, it argued that development be led by international institutions, while the state played a diminished role of enacting the prescribed policies. This attitude towards the role of the state represents the main differentiation point between neoliberal development and modernisation theory. The international institutions that were to lead the development process were the World Bank, the International Monetary Fund (IMF) and the precursor to the World Trade Organisation, and collectively they constituted the Washington Consensus. They would prescribe specific policies designed to increase the economic competitiveness of

¹² Ibid.

¹³ Schuurman, F. J. (2014). The impasse in development studies. The Companion to Development Studies. V. Desai and R. B. Potter. Abingdon, Oxon, Routledge: 21-25.

¹⁴ Willis, K. (2011). Theories and Practices of Development. Abingdon, Oxon, Routledge. pp. 41-54.

¹⁵ Cammack, P. (2002). Neoliberalism, the World Bank, and the New Politics of Development. Development Theory and Practice: Critical Perspectives. U. Kothari and M. Minogue. Basingstoke, Hampshire, Palgrave.

developing countries, through the likes of trade liberalisation, reduced public spending and the privatisation of state assets.¹⁶

From the late 1980s onwards, acute financial crises in the developing world began to take place. The Washington Consensus responded to these crises by creating Structural Adjustment Programmes (SAPs) for developing countries. These would be based on the policies associated with neoliberal development, and developing countries were required to accept these policy programmes as a condition of accessing the required loans or debt relief. In this way, the principles of neoliberal development were effectively imposed on much of the developing world.¹⁷

Another response to the modernisation-dependency impasse was to question the whole idea of development itself. Over time, this would lead to the rough coalescence of the *post-development* school, which includes those approaches that ultimately reject the notion of development; this line of thought was related to the post-positivist and post-structural trends seen in the latter part of the twentieth century in the social sciences more generally. While the development industry had grown over time, for post-developmentalists it had patently failed to positively transform the developing world, an outcome they saw as a result of its own intrinsic features. For instance, incapable of uncoupling itself from modernisation and neoliberalism, development was seen as inherently ethnocentric, restrained by donor dictates and overly technocratic. Furthermore, while development was cast as a failure, the nature of what it sought to impose on the developing world meant its potential success was also seen as undesirable. So, for post-developmentalists, development was a failure not due to poor execution, but rather due to its own problematic nature.^{18,19}

Post-development is often associated with the writings of Escobar, who saw development as a means through which Western countries exercised control over the developing world. He took inspiration from those who studied the cultural legacies of colonialism and applied their post-colonial perspective to development. For Escobar, development was a means through which Western countries could assert their moral and cultural superiority over the developing world, impose their view of progress on it, manage it, and remould it in their own image; development was also seen as prejudicially asserting modern lifestyles as inherently superior to traditional ones. Overall, Escobar believed development to be a disempowering successor of colonialism and a form of cultural imperialism. The post-development solution was to encourage local communities to re-engage with their own

¹⁶ Ibid.

¹⁷ Conway, D. (2014). Neoliberalism: Globalization's neoconservative enforcer of austerity. The Companion to Development Studies. V. Desai and R. B. Potter. Abingdon, Oxon, Routledge: 106-111.

¹⁸ Rist, G. (1997). The History of Development: from Western Origins to Global Faith. London, Zed Books.

¹⁹ Sidaway, J. D. (2014). Post-development. The Companion to Development Studies. V. Desai and R. B. Potter. Abingdon, Oxon, Routledge: 147-152.

traditions and identities, and to remove themselves from the Western-led development framework that prevented them from developing in the ways that they themselves saw fit.²⁰

As with dependency theory, post-development solutions generally proved impractical, particularly so given the massive growth of the development industry. Furthermore, the approach has been seen as minimising those genuine gains for many people in the developing world that have been brought about by development, and of romanticising traditional ways of life, which can themselves be problematic in their own ways. Nonetheless, post-development has been able to take up a seemingly permanent position in the academic discourse, as something of a constant critical companion to development.

Section 2.2 – The Human Development Approach

During the final 15 years of the 20th century, neoliberal development occupied a dominant position in the development discourse, but it did not go uncriticised or unchallenged. The neoliberal development approach came to be seen as overly scientific, dogmatic, and removed from real-world concerns and experiences; the SAPs that it favoured were particularly controversial and were widely seen as responsible for bringing harm and negative effects to the people of the developing world.²¹ An alternate perspective that gained some traction was the basic needs approach to alleviating poverty; this drew attention to the unequal nature of economic growth, and argued that instead of focussing on economics, development should work directly on ending poverty and providing the basic necessities of life to all people.²² This perspective helped give rise to the *human development* approach, which would challenge the dominance of neoliberal development, and eventually surpass it. While post-development was seen as a rejection of development, human development can be seen both as an attempt to humanise development, and as an attempt to broaden and expand what development is considered to be.

The leading human development theorist is Sen, and his writings are seen as embodying the human development position. His early work focussed on famines, and he argued that they were not the result of a lack of food, but rather of a lack of access to food, caused by political failures; the solution to ending famines thus lay not in greater food production, but in rectifying these political failures. Sen believed that all humans were entitled to live good lives in the manner of their choice, and that certain basic freedoms must be in place in order for them to do so. In his 1999 seminal text, *Development as Freedom*, he argued that

²⁰ Escobar, A. (1995). Encountering Development: The Making and Unmaking of the Third World. Princeton, Princeton University Press.

²¹ Conway, D. (2014). Neoliberalism: Globalization's neoconservative enforcer of austerity. The Companion to Development Studies. V. Desai and R. B. Potter. Abingdon, Oxon, Routledge: 106-111.

²² Willis, K. (2011). Theories and Practices of Development. Abingdon, Oxon, Routledge. pp. 103-106.

expansion of freedoms was integral to development itself, as it constituted both the means and the ends of development.²³ This viewpoint, often called the capabilities approach, saw poverty as a denial of human freedoms and capabilities, and development as an extension of freedoms and capabilities to all people. Thus, Sen reframed the purpose of development as being human capacity development, rather than economic development.²⁴

Sen identified five specific types of freedom that constituted development; political freedoms, economic facilities, social opportunities, transparency guarantees, and protective security.²⁵ These freedoms were intrinsically interconnected with each other, and his concern was with the capability of humans to actually live them out in real life, as nominal freedoms of some kind could not always be exercised if freedom was restricted in other ways. If these freedoms were genuinely in place, then individuals would be free to use them as they wished when making their life choices. In a practical sense, the human development approach provided a new way of appraising success in development, based on the expansion of human freedoms and capabilities, rather than on the expansion of incomes or economic production. The role of development actors was thus not to provide universal blueprints or answers, but rather to work to enhance freedoms that gave local people the capability to make their own choices. Per the human development approach, development could be seen as the removal of those structures that prevented humans from exercising their own agency. The intention was that people in developing countries could transition from being seen as passive recipients of development programmes, to active and empowered agents free to determine their own destinies.²⁶

An important aim of the human development approach was to expand what was classified as development progress beyond numerical economic measures. Its focus on freedom constituted a deliberate attempt to fundamentally question modernisation theory and neoliberal development, and move the development discourse beyond them. This is clear in Sen's seminal text, which he opens by stating that "focusing on human freedoms contrasts with narrower views of development, such as identifying development with the growth of gross national product, or with the rise in personal incomes, or with industrialization, or with technological advance, or with social modernization".²⁷ However, while the human development approach is critical of an excessive focus on economics, it does not fundamentally reject it in the way post-development does. It generally considers free markets and economic growth not as an ends for development, but nonetheless as an important means; markets are seen as necessary but not sufficient or prime-determinant in the process of enhancing human freedoms. Thus, overall, the human development

²³ Sen, A. (1999). Development as Freedom. Oxford, Oxford University Press.

²⁴ Northover, P. (2014). Development as freedom. The Companion to Development Studies. V. Desai and R. B. Potter. Abingdon, Oxon, Routledge: 33-38.

²⁵ Sen, A. (1999). Development as Freedom. Oxford, Oxford University Press. p. 10.

²⁶ Ibid. pp. 87-110.

²⁷ Ibid. p. 1.

approach is best considered as a composite approach that sees both economic and social factors as important to development.²⁸

Given this broader view of what constitutes development, the human development approach espouses the importance of using non-economic indicators, alongside more traditional economic indicators, as measures of development. This approach has become highly influential in the international arena, particularly in the United Nations (UN), and composite indexes are now widely used in the place of purely economic indexes, when attempting to quantify development. A prominent example of this is the Human Development Index (HDI), which was created in-part by Sen, and is compiled and published by the UN. This index uses life expectancy at birth, actual and expected years of schooling, and gross national income as its input factors; these factors represent health, education and living standards respectively, and are combined into a single score that gives an indication of the development level of a state.²⁹

The concept of freedom as both the means and ends of development became highly influential in development studies. The human development approach, with its focus on developing and expanding human capabilities, offered a practical medium way between neoliberal development and some of the spirit of those critical approaches seen as unworkable. During the 2001-2013 period examined by this thesis, human development can be seen as the dominant paradigm in development studies, and thus the appropriate theoretical lens to adopt. In particular, as will be discussed further in Section 4.1, the HDI offers an appropriate and useful means of measuring or quantifying the respective development levels of development aid recipients.

Section 2.3 – The Millennium Development Goals

In September 2000, the UN adopted the Millennium Declaration, from which the Millennium Development Goals (MDGs) were derived.³⁰ The MDGs would become hugely influential in the realm of development, and were the first comprehensive and globally collaborative effort to identify and quantify development priorities. Their aim was to facilitate and inspire global development, by providing humanity with targets that all

²⁸ Ibid. pp. 111-145.

²⁹ United Nations Development Programme (2014). Human Development Report 2014. Sustaining Human Progress: Reducing Vulnerabilities and Building Resilience. New York, United Nations Development Programme.

³⁰ United Nations (2000). Resolution adopted by the General Assembly 55/2. The United Nations Millennium Declaration. New York, United Nations.

Goal 1	Eradicate Extreme Hunger and Poverty
Goal 2	Achieve Universal Primary Education
Goal 3	Promote Gender Equality and Empower Women
Goal 4	Reduce Child Mortality
Goal 5	Improve Maternal Health
Goal 6	Combat HIV/AIDS, Malaria and other diseases
Goal 7	Ensure Environmental Sustainability
Goal 8	Develop a Global Partnership for Development

Figure 1: The Millennium Development Goals³¹

countries could work towards. The goals were time-bound and the target date for their achievement was set at 2015; with 2000 being used as a baseline or zero year, the 2001-2015 period can appropriately be labelled as the MDG era. In totality, the MDGs consisted of a collection of the eight overarching macro goals listed in Figure 1, 18 constituent targets, and 48 specific indicators; the headline goal was to eradicate extreme hunger and poverty, and overall they reflected a broad understanding of what constituted development.³²

While the MDGs represented the culmination of a political process led by the UN and influenced by various actors, they were clearly inspired by the human development approach to development studies. The MDGs are infused with the ambition of enhancing human freedoms and capabilities, and expand out specific components of this ambition to track on a macro scale. Furthermore, the change in thinking from the neoliberal development approach to the human development approach, which advocated that development be understood more broadly, created the possibility for a comprehensive set of global development goals like the MDGs to be imagined and enacted. So, while the MDGs represent an achievement in international collaboration, they also represent the landmark achievement of the human development approach, and reflect what factors were believed to constitute human development at the time of their signing. During the MDG era, the goals drove and directed most work in development, and came to encapsulate development itself. At a community level, development practitioners worked to empower local people to develop capabilities to effect the changes outlined in the first seven MDGs. While at a state level, developing countries worked towards the achievement of the goals, and donor countries often reformulated their approach to development to more closely reflect them.

Though much work in development relates to the first seven MDGs, given the significant role that donors can play in shaping development outcomes, it is important to consider issues related to the global partnership for development referred to in MDG 8. The first indicator for MDG 8 refers to tracking the total proportion of their gross national income

³¹ Millennium Project. "What they are." Retrieved 16 November, 2015, from <http://www.unmillenniumproject.org/goals/index.htm>.

³² Millennium Project. "Goals, targets and indicators." Retrieved 16 November, 2015, from <http://www.unmillenniumproject.org/goals/gti.htm>.

that wealthy countries give as development aid.³³ While reference to a specific target proportion is absent from the MDGs themselves, in international development the widely-accepted target proportion for development aid from wealthy countries is 0.7% of gross national income; this wide understanding is a result of this particular target being called for and committed to many times in many different settings over the years.^{34,35} For its part, the European Union (EU) has endorsed and subscribed to the MDGs, and its approach to development is influenced by them.³⁶ Furthermore, it has specifically adopted the 0.7% target as a goal for its Member States to work towards.³⁷ Section 3.7 examines this further, and in particular, how much development aid EU Member States gave during the MDG era, and how this compared to the 0.7% commitment. By including MDG 8 in the MDG framework, the international community confirmed the important role that development aid itself is seen as playing in the overall development process.

The UN considers the MDGs to have been successful in inspiring a global movement working towards the achievement of human development objectives. It believes they have generated remarkable gains, noting the halving of the number of people living in extreme poverty, and the progress made towards the other ambitious goals; however, it does acknowledge the persistence of global poverty and inequality, and the uneven nature of development progress during the MDG era.³⁸ This mostly-positive view of the MDGs is not shared by all, and in addition to criticisms around the specifics of the goals, some have questioned whether development progress that occurred during the MDG era can be directly attributed to the goals themselves.^{39,40}

With the MDG era coming to an end, as intended, in 2015, the international community has agreed on a new set of goals for international development that will replace the MDGs. These will be known as the Sustainable Development Goals (SDGs), and, like the MDGs, their signing represents the culmination of a contested political process conducted through the UN. The new goals represent the convergence of the human development agenda with the

³³ Ibid.

³⁴ Millennium Project. "The 0.7% target: An in-depth look." Retrieved 16 November, 2015, from www.unmillenniumproject.org/press/07.htm.

³⁵ United Nations (2015). Millennium Development Goal 8: Taking Stock of the Global Partnership for Development. MDG Gap Task Force. New York, United Nations.

³⁶ European Commission. "EU and Millennium Development Goals." Retrieved 16 November, 2015, from https://ec.europa.eu/europeaid/policies/european-development-policy/eu-millennium-development-goals_en.

³⁷ Council of the European Union (2005). Council conclusions: Accelerating progress towards achieving the millennium development goals. External Relations Council. Brussels, Council of the European Union.

³⁸ United Nations (2015). The Millennium Development Goals Report 2015. New York, United Nations.

³⁹ Kenny, C. and A. Sumner (2011). Working Paper 278. More Money or More Development: What Have the MDGs Achieved? Washington D.C., Center for Global Development.

⁴⁰ Shetty, S. (2005). "The Millennium Campaign: Getting governments to keep their promises." *Development* 48(1): 25-29.

sustainability agenda, and reflect a new paradigm of thinking in development studies that may well predominate in the forthcoming years.⁴¹ Nevertheless, for the purposes of and during the study period for this research, it was MDGs, the global partnership for development, and the 0.7% target that were of upmost importance. As the world moves into the SDG era, now is a pertinent time to look back on the MDG era and consider what lessons can be taken from it.

Section 2.4 – Contemporary Issues in Development

In contemporary times, the world remains characterised by both the presence of high levels of development, and the persistence of global poverty and inequality. Within development studies, particular issues of interest have included the ongoing evolution of development theory and an increased focus on development aid itself.

Theories about development exist under constant contestation, and their importance lies in the impacts they can have on development practice. Development began with modernisation theory, and its concern with economic growth, as a foundation, but with the passage of time a wider understanding of development has emerged, and it is no longer seen exclusively as a linear or cumulative process. However, donors can vary widely in the aspects of development they choose to focus on, and the development theories they are more strongly influenced by. The UN and many other donors have been influenced heavily by the human development approach and the MDGs, with their social focus on empowerment and expanding capabilities. Meanwhile, despite the dominance of human development, other influential actors have retained a neoliberal development approach; the institutions of the Washington Consensus and the United States are known for their ongoing promoting of market-friendly policies, economic growth, and the reforming of governance in developing countries. Chapter 3 of this thesis examines the EU and its approach to development, and considers how that approach may have been influenced by theories about development, as well the nature of the EU itself.

The continuing undercurrent of post-development thought sees the seemingly permanent presence of poverty and increasing inequality as a failure of development. It sees development as a practice still dominated by modernisation theory and its rebooted guise of neoliberal development, and responsible for implementing a flawed planning approach, exhibiting dangerous short-termism, and causing environmental destruction. For post-developmentalists, the development industry itself is what remains problematic, and reforming or humanising past practices is not sufficient to redeem it. While post-

⁴¹ United Nations (2015). Resolution adopted by the General Assembly on 25 September 2015 70/1. Transforming our world: the 2030 Agenda for Sustainable Development. New York, United Nations.

development is still largely seen as sitting outside development, some of its critiques have had a reforming influence on development practices, and will likely continue to do so.⁴²

In recent years, concerns over climate change, biodiversity degradation, excessive exploitation of the finite resources of the earth, and a need to better preserve the earth for future generations, have become more prominent. This concern for environmental and ecological sustainability infers that there are limits to the desirable levels of consumption and development. The sustainability agenda has thus been applied to development studies, and this has formed the *sustainable development* approach. While based on concerns for environmental sustainability, when applied to development it has become understood more widely to include the likes of economic, social and political sustainability.⁴³ This approach has gained much credence in international development, and with the MDG era coming to an end, the UN has replaced the MDGs with the SDGs; the new goals are notably more comprehensive, and reflect a combination of human development and sustainable development concerns.⁴⁴

The institutionalisation, through the UN, of the sustainable development approach indicates that it has taken up the dominant theoretical position in development studies. However, this position is unlikely to remain stable or uncontested, as history suggests that ideas and theories about development can remain influential long after their initial emergence. It would seem highly probable that the neoliberal development approach, for instance, will remain influential for the foreseeable future, possibly in an adapted form. At the same time, it is not unreasonable to suggest that the gradual trend towards broader, more universal and holistic understandings of development will continue to generate new approaches into the future. However, some have noted that different approaches to development can work in different contexts, and suggested that universal theories or approaches, due to their nature, cannot capture the complexity of humanity or the development process.⁴⁵ These ideas all offer possible glimpses into what development theory could look like in the future.

Returning to the MDG era, the period has seen an explosion of interest in development studies, and a marked diversification in the specific aspects of it that have become areas of analysis. These include the likes of globalisation, employment and development, rural development, urbanisation and development, the environment and development, gender

⁴² Kothari, U. and M. Minogue, Eds. (2002). Development Theory and Practice: Critical Perspectives. Basingstoke, Hampshire, Palgrave.

⁴³ International Institute for Sustainable Development. "What is Sustainable Development? Environmental, economic and social well-being for today and tomorrow." Retrieved 16 November, 2015, from <https://www.iisd.org/sd/>.

⁴⁴ United Nations (2015). Resolution adopted by the General Assembly on 25 September 2015 70/1. Transforming our world: the 2030 Agenda for Sustainable Development. New York, United Nations.

⁴⁵ Banerjee, A. V. and E. Duflo (2011). Poor Economics: A Radical Rethinking of the Way to Fight Global Poverty. New York, Public Affairs.

and development, global health, education, and conflict prevention and resolution.⁴⁶ Attention has also been drawn to a number of challenges to the traditional development model that have materialised during the period. Big philanthropy, as typified by Gates, is having an increasing influence on development; this approach bypasses traditional donors, and gives funding to recipients directly from wealthy private individuals.⁴⁷ The mega-proliferation of non-governmental organisations (NGOs) involved in development continues to take much practical development work out of the hands of recipient states themselves; this trend began when the neoliberal development approach sought to reduce the influence of recipient state actions on development outcomes, and has accelerated through the human development approach-influenced MDG era. Finally, the Cotonou Agreement, which has a particular focus on regionalism, and which will be discussed further in Section 3.5, is an institutional framework through which the EU seeks to influence international development in its own way.

Section 2.5 – Ideas about Development Aid

One aspect of development studies that has generated much interest and debate during the MDG era, and is particularly pertinent to this research, is development aid itself. Many specific issues relating directly to development aid have emerged during the period. Foremost of these is an institutional push to monitor and ensure the effectiveness of aid; viewpoints on this issue, which is examined in the following section, can depend largely on the parameters set for what is considered effective. The practice of tying or adding conditions to development aid has been controversial; it is often used by those donors who believe changes in recipient state behaviours and policies are necessary for the aid to be effective. Chang has been a prominent critic of the practice, noting that the policies usually attached do not match those used previously and successfully by the now-wealthy countries when at a comparative stage of development, and arguing that it contributes to a kicking away of the development ladder.⁴⁸

The MDG period has seen a proliferation and fragmentation of development actors and development aid donors in particular, including the rise of new emerging donors that were previously development aid recipients. This has created greater complexity in the development system and increased the potential for overlap between donor activities. There has also been a greater focus on the political factors that can influence development

⁴⁶ Desai, V. and R. B. Potter, Eds. (2014). *The Companion to Development Studies*. Abingdon, Oxon, Routledge.

⁴⁷ Bill and Melinda Gates Foundation. "A Call for Global Citizens." Retrieved 16 November, 2015, from <http://www.gatesfoundation.org/>.

⁴⁸ Chang, H.-J. (2002). *Kicking Away the Ladder: Development Strategy in Historical Perspective*. London, Anthem Press.

aid allocations, and this issue is examined in Section 2.7. The lack of coordination between, and competing priorities of, independent donors can result in development aid packages becoming unbalanced between recipient countries and their relative needs; this can lead to some countries becoming chronically underfunded, an issue examined in Section 2.8 and of particular concern for this research. The global financial crisis and its austerity response also occurred during the MDG period; this saw cutbacks to funding in many areas within wealthy countries, and presented a challenge to the maintenance of development aid funding levels. Finally, one consequence of the uneven levels of development progress within states is that a majority of poor people are now located in middle income countries. This has generated discussion around whether development aid should be directed to the poorest countries, or the countries with the highest number of poor people; this issue is examined in Section 4.1.

As part of the increased focus on development aid in contemporary times, many books have been published on the subject, each usually offering an explanation for how and why development aid can succeed or fail, and advocating a development aid reform agenda. These works can potentially have an influence on development aid practices, and the views of the four most prominent thinkers in this area are summarised below.

Sachs seeks to provide a vision for ending global poverty, by explaining how poor countries can become wealthy, and believes that development aid can play an important role in this process. He argues that many people in developing countries are stuck in a poverty trap, as the normal process of capital accumulation cannot occur because households need to spend all their money on basic needs; development aid can play a role in kick-starting economies to lift households above subsistence and out of the poverty trap. For Sachs, contemporary levels of development aid are not sufficient to meet poverty reduction targets, and need to be massively increased. He believes that concerns about recipient country institutional performance should not override this need, as recipient countries generally perform at an expected level when properly taking into account their overall level of development. He argues that it simply costs more to help those countries that are poorer and most in need of assistance, and increased volumes of aid should be specifically directed to those poorest countries.⁴⁹

Easterly characterises the world as suffering from two tragedies; the first is global poverty and the second is the failure of development aid to solve it. He is heavily critical of the development aid bureaucracy, particularly donors but also recipient state governments, as responsible for this failure, and argues that fundamental reform of how aid is delivered is required. While Easterly at times uses the language of post-development, his prescriptions are market-based, as he believes that only the dynamism of individuals and firms in free markets can bring about true development. He considers it necessary to further reduce the role of the state in development, and advocates for the introduction of a market-type mechanism to development aid provision in order to make it more efficient; under this

⁴⁹ Sachs, J. D. (2005). The End of Poverty: Economic Possibilities for Our Time. New York, Penguin Books.

system funding would be given directly to individuals in developing countries, and aid agencies would need to compete for their patronage.⁵⁰

Moyo has a particular focus on Africa, and believes that development aid has been a complete failure in bringing about development to the continent; furthermore, it has made things worse by, for instance, increasing levels of corruption. She believes that economic growth cannot be generated by an aid-based development model, and therefore almost all development aid should be stopped. She argues that without development aid funding, African countries would be forced to seek foreign investment and other forms of financing, and rapidly adopt the neoliberal market reforms she sees as necessary to bring about development; this would end their dependence on aid and bring about genuine prosperity.⁵¹

Collier writes from a position of concern for those developing countries, home to around a billion people, which have had stagnant economies for a number of decades, and are falling behind the rest of the developing world. He notes a number of challenges they often face, such as insecurity, the natural resource trap, being land-locked, and deep corruption. For Collier, these countries are in need of greater long-term assistance from the international community, which should include debt relief, protected market access, and military intervention within them when necessary; importantly, development aid should be specifically and strategically used to generate economic growth in these countries. Collier is known for his support of the use of aid conditionality as a means of generating required reforms in these countries, and argues that past failures of conditionality are due to recipient governments not following through with their promises to enact reforms.⁵²

There are some key underlying similarities and differences between the approaches of these four prominent thinkers. While all advocate for some degree of reform from both donors and recipients, Collier is distinct in that he sees recipient behaviour as the key locale for reform, while Sachs, Easterly and Moyo see donor behaviour as such. In terms of volume, Sachs advocates for much more development aid and Moyo advocates for much less; for Easterly and Collier, issues around volume are not the main focus, though the former does argue for less aid. It is important to note that all are economists, and understand development mainly in terms of economic growth; all have been involved with the World Bank to various degrees and Sachs has been involved heavily with the UN. Theoretically, Easterly is best identified as belonging to the neoliberal development school, and Moyo represents a stronger variant of neoliberalism. Collier is the most difficult to categorise theoretically, and overall fits most well with a traditional modernisationist conception of development. Sachs has clearly been influenced by the MDGs, and while holding some

⁵⁰ Easterly, W. (2006). The White Man's Burden: Why the West's efforts to aid the rest have done so much ill and so little good. New York, The Penguin Press.

⁵¹ Moyo, D. (2009). Dead Aid: Why aid is not working and how there is another way for Africa. London, Penguin Books.

⁵² Collier, P. (2007). The Bottom Billion: Why the Poorest Countries are Failing and What Can Be Done About It. New York, Oxford University Press.

modernisationist tendencies, is best understood as sitting within the human development approach. The degree of systemic reform they advocate for also differs; the approaches of Sachs and Collier can be accommodated by adapting the current system, while Easterly and Moyo argue for a substantial systemic overhaul. For this and other reasons, Sachs and Collier seem to have had the most influence on development aid practices in the real world. For Sachs, the allocation of development aid should be based on the level of need, and while Collier argues that development aid should be directed towards the poorest countries, he also contends that its allocation should be based on or used to influence their performance; these justifiers, of need and performance, are known to influence donor decisions around development aid allocations. This research, which examines the extent to which EU development aid is based on the relative human development needs of recipients, fits most closely with the views on development aid put forward by Sachs.

Section 2.6 – Aid Effectiveness

Development aid has become an oft-analysed feature of the development landscape and the international relations landscape more generally. This increased focus on development aid itself has been accompanied by concerns about ensuring that it is effective. These concerns for aid effectiveness are usually framed as being for the extent to which development aid actually works, or as a way of ascertaining how development aid can most appropriately contribute to the overall development process. Most of those interested in aid effectiveness, whether generally supportive or critical of development aid, tend to start from a position that it is not completely effective or ineffective, but rather is effective to some degree, or at least capable of being so, and can be reformed and made to work better.

There has been an organised collaborative push, managed by the Organisation for Economic Co-operation and Development (OECD), and including both donors and recipients, to make aid better and more effective. This process generated the Paris Declaration on Aid Effectiveness, which called for development aid to be scaled up, for development activities to be recipient-led, and for donors to end duplication and coordinate more closely together.⁵³ Further declarations on the subject have since followed, and have called for increased monitoring of development aid, and a shift in the way the issue is framed, from aid effectiveness to development effectiveness. While most of these actions called for have

⁵³ Organisation for Economic Co-operation and Development (2005). The Paris Declaration on Aid Effectiveness. Development Assistance Committee. Paris, OECD.

generally not occurred, the process has nonetheless increased attention on the issue of aid effectiveness.⁵⁴

Aid effectiveness can often focus on either the direct or the deeper effects that development aid has had. At the direct level, it considers to what extent particular aid projects were successful in fulfilling their specific objectives, and it is standard practice in development to evaluate aid projects in this way upon their completion. Riddell argues that most aid does succeed in meeting its own immediate project objectives, and has some degree of positive impact in the way it was intended to; however, he warns that its potential can be somewhat constrained by the dominant project-based approach to development.⁵⁵

At the deeper level, aid effectiveness considers the extent to which uses of development aid made an overall contribution to long-lasting positive difference in the lives of recipient populations; though more difficult to determine, it is possible that development projects can be unsuccessful in this regard despite achieving their direct objectives. Nonetheless, Riddell argues that development aid probably does have deeper positive effects, though these are often small, and below the high expectations for it. He believes that development aid generally has small positive impacts on economic growth, but is more cautious about its impacts on poverty reduction, due to an overall lack of data, and the many factors that goal is influenced by. For Riddell, a concerning trend is that development aid is increasingly being given for short term purposes that are easier to evaluate and seen as generating greater direct returns, rather than for more long term, complex or deeper problems. He argues that while short-term aid can bring genuine improvements, excessive short-termism is problematic and development aid should instead be used for more long-term and transformational purposes.⁵⁶

While there is value in the comprehensive quantitative approaches taken by the likes of Riddell, others understand aid effectiveness in a more macro systemic way. This type of approach considers how development aid as a resource can best contribute to development overall. Its main concerns are not whether development aid fulfils its direct objectives, or even brings about deeper positive changes, but rather what its objectives and the changes it seeks to help bring about should be in the first place. Differing approaches to systemic aid effectiveness are influenced by theories and philosophies about development. Those who understand development as economic growth will view the purpose of development aid as to influence economic growth, and evaluate its effectiveness by the extent to which it has done so. Similarly, those who understand development as the attainment of the MDGs, or in human development terms, will characterise the purpose of, and judge the effectiveness of, development aid in those terms also. The views of the prominent thinkers overviewed in

⁵⁴ Organisation for Economic Co-operation and Development. "Paris Declaration and Accra Agenda for Action." Retrieved 16 November, 2015, from <http://www.oecd.org/dac/effectiveness/parisdeclarationandaccraagendaforaction.htm>.

⁵⁵ Riddell, R. C. (2014). Discussion Paper 33. Does foreign aid really work? An updated assessment. Development Policy Centre. Canberra, Australian National University.

⁵⁶ Ibid.

the previous section, for instance, outline visions for the role of development aid and how it can work most effectively at a macro systemic level. An example for how this plays out in practice is offered by the issue of aid volumes; some, such as Sachs and the drafters of the Paris Declaration, consider aid effectiveness as intrinsically linked with aid volumes, and throughout the MDG period there were calls for greater volumes of aid to be made available in order to achieve those goals.

When considering the most appropriate role for development aid in the development process, it is necessary to properly contextualise the degree to which it can influence outcomes. Development aid is one type of financial flow from wealthy countries to developing countries, however a number of other types of financial flows are also seen as contributing to the overall financing of development. These can include other official public sources of funding, such as financing for climate change mitigation initiatives, or military aid given for security purposes. Charitable private donations to NGOs that work internationally contribute in some way to development, as does the work of big philanthropic foundations. Remittances, which are direct international transfers from household to household, by friends or family living in wealthier countries, also play a role. Finally, foreign direct investment and other forms of private capital flows, including some corporate responsibility initiatives, can be used for development purposes. These sources of funding each have their own unique features and varying direct objectives, but, along with other types of financial flows not listed here, are seen as contributing in some way to the development process.^{57,58}

While it is important to understand development aid as one part of financing for development, it is also important to understand financing for development as just one of many factors that influence the overall development process. The policy approaches adopted by wealthy countries in a number of different areas, beyond their approaches to development aid or development financing, can have an impact on people in the developing world. Most notable among these include; their trade policies, their migration policies, their approach to international security, their approach towards international technology transfer, and their environmental policies.⁵⁹ Furthermore, despite attempts to reduce the role of the state in development, recipient state governments have primary policy-making rights and responsibilities in their own jurisdictions, and the approaches they adopt in almost all policy areas will have some impact on development outcomes in their country. Regarding financing in particular, there has been a greater push to improve domestic taxation systems in the developing world, and better mobilise domestic financial resources

⁵⁷ Development Initiatives (2013). *Investments to End Poverty: Real money, real choices, real lives*. Bristol, Development Initiatives.

⁵⁸ Organisation for Economic Co-operation and Development (2014). *Development Co-operation Report 2014: Mobilising Resources for Sustainable Development*. Development Assistance Committee. Paris, OECD.

⁵⁹ Center for Global Development (2013). *Commitment to Development Index 2013*. Washington D.C., Center for Global Development.

overall for the purposes of development.⁶⁰ While all of these factors can influence development in some way, they too are affected by and operate within a vast and complex human system characterised by many varying and evolving social, political and other factors. So, while development aid undoubtedly has the potential to affect outcomes in the real world, it is important not to overstate its potential impacts, or subscribe to unrealistic expectations for it. Development aid is but one factor, within a vast catalogue of factors with varying degrees of controllability, with the potential to impact on the development process; furthermore, these many other factors can often work to constrain or enhance the potential impacts that development aid can have.

The main focus of this research is not on aid effectiveness in a traditional sense, but rather on aid distribution, which relates to more systemic macro approaches to understanding how development aid can be effective. It does not seek to measure the success of particular aid projects, or the overall direct or deeper effects of specific EU development aid activities. However, it does not object to the sensible and reasonable idea that development aid be evaluated by the extent to which it achieved its direct objectives, and helped bring long-lasting positive changes to the lives of its recipients. Nonetheless, it sees considerations of what those objectives and changes aimed for should be, and of the most appropriate overall role for the use of development aid as a financial resource, to be of greater importance.

Ideas about systemic approaches to the best use of development aid are heavily based on theoretical or philosophical perspectives. This research is concerned with need, and holds the perspective that aid equity is the most important aspect to consider when determining uses for development aid. This approach is underpinned by two intrinsic aspects of development studies as a discipline; its overt normative ambition of improving lives, and its underlying universalism, which sees development progress as something that all people in all places should be reasonably able to aspire to and access. A focus on aid equity not only aligns development aid more closely with the intrinsic nature of development studies, but solves a particular problem with the aid effectiveness approach. Generally speaking, in the real world, the less developed a recipient country is, the less capable it is of using development aid effectively; so, at the macro level, a focus on aid effectiveness, as a means of analysing performance, creates a disincentive for donors to give development aid to the poorest countries, as they are known to use it less effectively.^{61,62} A solution for this is to frame the overarching purpose of development aid as to help those countries most in need, rather than to generate the best returns or to be as effective as possible. A focus on a more equitable distribution for development aid overall can improve outcomes for those most in

⁶⁰ Organisation for Economic Co-operation and Development (2014). Development Co-operation Report 2014: Mobilising Resources for Sustainable Development. Development Assistance Committee. Paris, OECD. pp. 167-176.

⁶¹ Sachs, J. D. (2005). The End of Poverty: Economic Possibilities for Our Time. New York, Penguin Books. pp. 309-328.

⁶² Organisation for Economic Co-operation and Development (2013). Identification and Monitoring of Potentially Under-aided Countries. Development Assistance Committee. Paris, OECD. p. 10.

need, and does not preclude the possibility of aid effectiveness concerns remaining paramount at the direct and deeper levels, within an overall framework of aid equity.

However, academic conversations around development aid at present are generally framed around aid effectiveness. Aid equity is a term and a concept that is yet to be introduced into the development discourse, despite an apparent need for it, and despite its underpinnings in theoretical and philosophical perspectives rooted in the discipline itself; this task is beyond the scope of this thesis, but represents a possible area for future work. Aid effectiveness concerns are important, but they should not override aid equity concerns; an excessive focus on aid effectiveness can serve to detract from aid equity. Development aid in particular, amongst the many factors that influence development, and the different financial flows that constitute the overall financing of it, stands out uniquely as a resource where an equity purpose could reasonably be instituted. So in sum, at a macro systemic level, the best use of development aid is as a financial resource to equitably distribute between recipient states based on their levels of need.

In addition to reflecting idealist concerns for universal justice and fairness, a shift in perspective to focussing on aid equity could actually prove to be the most effective use of development aid over the extreme long term. Over time, it could help prevent the poorest countries from falling too far behind the rest of the world in developmental terms, and potentially destabilising their neighbours and the wider international system. Theoretically, if the global distribution of development aid was completely equitable, and aid effectiveness concerns were applied at the direct and deeper levels, this would be an excellent way of using the resource of development aid to help bring about long-term development for all the people of the world.

Section 2.7 – Factors Guiding Aid Allocations

In a practical sense, there are three main influences that are seen as determining how donors choose to allocate their development aid funding between recipients; these can be summarised as need, institutional performance, and political factors.

Need is generally seen as an important justification for the provision of development aid, and an important factor in guiding how it is allocated. It is widely believed that if donors are genuinely motivated by altruistic and humanistic concerns, their allocation of development aid will be determined by relative needs of recipients, and result in the least developed countries receiving the most aid.⁶³ However, the issues of institutional performance and political factors can serve to detract from development aid being allocated purely on a needs basis, and there is some conjecture over the degree to which each of the three

⁶³ Mavrotas, G. and M. McGillivray, Eds. (2009). Development Aid: A Fresh Look. Basingstoke, Hampshire, Palgrave Macmillan. pp. 6-8.

factors practically influences development aid allocations overall. For instance, Berthelemy argues that aid allocations are influenced significantly by need, the institutional factor of governance, and political factors such as commercial and geopolitical concerns.⁶⁴

Meanwhile, Hoeffler and Outram argue that recipient needs are the most important of the three main factors in determining aid allocations, donor self-interest encompassed by political factors is often overstated but nonetheless secondary, and institutional factors such as democracy and human rights have little importance.⁶⁵

In development studies overall, and in studies about development aid allocations in particular, the issue of institutional performance is coming under increasing consideration. The institutional performance factor includes concerns about the likes of democracy, good governance, human rights, and policies seen as promoting economic growth and development. The idea underpinning this approach is that development aid may only be effective in the right policy environments, and therefore if donors want their aid to be effective, they must allocate it to recipients that exhibit good governance and good institutional performance generally.⁶⁶ The concern over institutional performance stems from studies by development economists examining the relationship between development aid and economic growth; these studies reflect understandings of development where progress is measured by economic growth, the purpose of aid is to influence growth, and its effectiveness should be evaluated by the extent to which it has done so.

The most important of these studies was by Burnside and Dollar, who are associated with the Collier school of thought; their extensive quantitative study concluded that development aid had a positive impact on economic growth when good policies were in place, but little impact when poor policies were in place, and therefore it was the policies that determined whether the aid was effective or not. Thus, they argued that development aid should be allocated to recipients on the basis of their policy performance, or attached with the conditionality that recipients adopt the appropriate policies.⁶⁷ These conclusions have not been supported by all development economists; Easterly and his colleagues, for instance, have raised doubts that development aid can positively impact on economic growth in any policy environment.⁶⁸ Meanwhile, Rajan and Subramanian have argued that

⁶⁴ Berthélemy, J.-C. (2006). "Aid allocation: Comparing donors' behaviours." Swedish Economic Policy Review **13**: 75-109.

⁶⁵ Hoeffler, A. and V. Outram (2008). Working Paper Series 2008-19. Need, Merit or Self-Interest - What Determines the Allocation of Aid? Centre for the Study of African Economies. Oxford, University of Oxford.

⁶⁶ Mavrotas, G. and M. McGillivray, Eds. (2009). Development Aid: A Fresh Look. Basingstoke, Hampshire, Palgrave Macmillan. pp. 6-8.

⁶⁷ Burnside, C. and D. Dollar (2000). "Aid, Policies, and Growth." The American Economic Review **90**(4): 847-868.

⁶⁸ Easterly, W., R. Levine and D. Roodman (2004). "Aid, Policies, and Growth: Comment." *Ibid.* **94**(3): 774-780.

development aid inflows have a negative impact on the competitiveness of a country and therefore do not positively impact on its economic growth overall.⁶⁹

It is important to note that not all studies examining institutional performance are concerned with economic growth; Carey, for instance, has analysed whether human rights concerns in particular play a role in development aid allocations, and argued that largely they have not.⁷⁰ Overall, studies considering the extent to which various aspects of good governance or institutional performance have influenced development aid allocations can be said to have produced mixed results.⁷¹ Finally, while good institutional performers are more likely to make better use of development aid funding, as mentioned in the previous section, allocating development aid on this basis effectively directs funding away from the poorest countries with the highest levels of need, as their institutional performance tends to be worse. This issue could potentially prevent donors from considering factors of institutional performance too heavily when allocating their development aid funding.

Development aid is inherently political. Donors make political decisions about how much development aid to give, which recipient countries and specific actors or organisations working within them to give it to, and which activities it should be used for; the process and execution of this work is also embedded with many political components. Aid volumes are heavily influenced by political considerations; they are generally well below the 0.7% target, and these low volumes constrain the potential effects that development aid could have. Additionally, development aid operates within a complex wider context, and is just one of many factors that can influence development overall. While acknowledging the importance of the issue of aid volumes, the main focus for this research is on aid distributions, and a development aid distribution based on aid equity is possible regardless of overall aid volumes. However, it is noted that an increase in volumes offers the theoretical possibility for donors to simultaneously maintain prior funding levels to favoured recipients, and create a more equitable distribution overall. The inherently political nature of development aid allows for contestation over approaches to allocating it, and thus the possibility of introducing an aid equity approach is somewhat reliant on making the political case for it to policy-makers.

Development aid allocations themselves are traditionally influenced by many political factors, and this serves to intervene against a purely needs-based distribution of development aid. The political factors grouping comprises of those motivators related to donor self-interest, and includes the likes of commercial or trade-promotion interests, a historic or special relationship interest towards their former colonies, and geographical

⁶⁹ Rajan, R. G. and A. Subramanian (2005). IMF Working Paper 05/126. What Undermines Aid's Impact on Growth? R. Department. Washington D.C., International Monetary Fund.

⁷⁰ Carey, S. C. (2007). "European Aid: Human Rights versus Bureaucratic Inertia?" Journal of Peace Research **44**(4): 447-464.

⁷¹ Mavrotas, G. and M. McGillivray, Eds. (2009). Development Aid: A Fresh Look. Basingstoke, Hampshire, Palgrave Macmillan. pp. 6-8.

proximity or geopolitical interests.⁷² The role these factors play in development aid provision stems from the traditional conception of development aid as an instrument of foreign policy, and thus inevitably influenced by the foreign policy outlook of the donor state. During the Cold War era, political factors were largely seen as the main determinant of development aid allocations, rather than need or institutional performance; wealthy countries openly used aid as a means of supporting their perceived economic, geopolitical and security interests, while humanistic concerns were not seen as significantly influencing their behaviour.⁷³

Political factors can shift debate about development aid allocations away from the issue of need, but they are often seen as important by particular domestic interests within donor countries, and in donor country electorates more generally. Kleibl, for instance, argues that domestic politics plays an influential role in determining how donors balance their development aid priorities between commercial considerations and recipient needs.⁷⁴ Overall, political factors are still seen as playing an important role in contemporary times. Alesina and Dollar, for instance, argue that development aid is dictated much more by political and strategic considerations than by recipient needs or policy performance.⁷⁵ Meanwhile, McGillivray notes the widespread view that political criteria have been de-emphasised in favour of developmental criteria since the end of the Cold War, but argues that this shift is less significant than commonly thought.⁷⁶ Finally, others such as Woods, and Gavas, have noted that since the terrorist attacks in New York in 2001, security concerns in particular have had a resurgent influence on development aid priorities.^{77,78}

A particularly well-known, and not especially controversial, factor that influences development aid allocations is a population bias towards smaller countries. While countries with larger populations generally receive more development aid in raw terms, smaller countries generally receive more development aid on a per capita basis. This issue seems to arise for four main reasons; the importance in international relations of holding state status, the presence in the international system of a number of strong but nonetheless developing countries with very large populations, the notable developmental challenges faced by small states due to their size, and a targeting of the poorest countries overall rather than those

⁷² Ibid.

⁷³ Ibid.

⁷⁴ Kleibl, J. (2013). "Tertiarization, Industrial Adjustment, and the Domestic Politics of Foreign Aid." International Studies Quarterly **57**: 356-369.

⁷⁵ Alesina, A. and D. Dollar (2000). "Who Gives Foreign Aid to Whom and Why?" Journal of Economic Growth **5**(1): 33-63.

⁷⁶ McGillivray, M. (2003). Discussion Paper 2003/49. Modelling Aid Allocation: Issues, Approaches and Results. World Institute for Development Economics Research. Helsinki, United Nations University.

⁷⁷ Woods, N. (2005). "The Shifting Politics of Foreign Aid." International Affairs **81**(2): 393-409.

⁷⁸ Gavas, M. (2007). "Global Security or Poverty Eradication: The Politics of the European Union's Development Assistance." Review of African Political Economy **34**(111): 186-193.

countries with the largest numbers of poor people.⁷⁹ The aid allocation model used in this research, which is introduced in Section 4.3, and based on the HDI, considers recipient populations as a factor, as it is concerned with development aid per capita.

The development aid allocations of typical bilateral donors are generally driven to varying degrees by each of the three main influences identified above; need, institutional performance, and political factors. Multilateral donors lack domestic political concerns, and are less influenced by realist international relations concerns than bilateral donors; as such, their approach to development aid allocation is generally seen as being less affected by political factors, and of having greater concern for the factors of need and institutional performance.⁸⁰ Neumeyer argues that multilateral donors still exhibit the small country bias, and in some cases special relationship biases, but do not have the geographic closeness bias, nor other biases associated with bilateral donors.⁸¹ Meanwhile, Berthelemy argues that need is the generally the main influence on the behaviour of multilateral donors, and that they are much less influenced than bilateral donors by other factors.⁸² However, the EU is not a typical multilateral donor or a typical bilateral donor; as discussed in Section 3.2, it is a unique form in international relations that sits somewhere between the two, and cannot be fully understood using those traditional international relations concepts. Nonetheless, the main factors that generally influence donor behaviour in determining development aid allocations still affect the EU in some way, and Section 3.7 considers the extent to which the various factors are seen as influencing EU development aid distributions in practice.

Section 2.8 – The Chronically Underfunded Countries Problem

An emerging issue in development studies, and of importance to those concerned with development aid in particular, is that of chronically underfunded countries. This issue arises due to the competing influences that affect how donors choose to distribute their development aid between recipients, and the independent manner in which they each operate; these factors result in significant imbalances in the levels of development aid

⁷⁹ Organisation for Economic Co-operation and Development (2013). Identification and Monitoring of Potentially Under-aided Countries. Development Assistance Committee. Paris, OECD.

⁸⁰ Ibid.

⁸¹ Neumayer, E. (2003). "The Determinants of Aid Allocation by Regional Multilateral Development Banks and United Nations Agencies." *International Studies Quarterly* **47**: 101-122.

⁸² Berthélemy, J.-C. (2006). "Aid allocation: Comparing donors' behaviours." *Swedish Economic Policy Review* **13**: 75-109.

funding disbursed to different recipient countries, when compared with their respective levels of need.

The most prominent explication of the problem is provided by the 2013 document, produced by the Development Assistance Committee of the OECD, titled *Identification and Monitoring of Potentially Under-aided Countries*.⁸³ It notes that the greatly varying amounts of development aid received by different recipient countries cannot be explained by their respective levels of need or institutional performance. Decisions around development aid allocations are highly contested and influenced by many arguments, but ultimately donors distribute their development aid funding based on their own objectives and priorities.⁸⁴ As discussed in the previous section, these objectives and priorities are affected to varying degrees by the three main influences of need, institutional performance, and political factors. So, most pertinently here, it is important to note that political factors play a significant role in determining how donors choose to distribute their development aid funding between recipients.

The other main contributor to the chronically underfunded countries problem, is the nature of how development aid donors operate within the development industry and the complex international system. There are a large number of donors and each makes its own independent decisions, using its own criteria, on how to distribute its development aid funding. Generally, these decisions are not made in consultation with other independent donors, and do not take into account the allocation practices of other donors, nor the overall funding levels that recipients may be receiving.⁸⁵ Overall, the way that development aid is disbursed can be appropriately described as un-coordinated, and the problem further is exacerbated by the ongoing proliferation and fragmentation of development actors.

These factors, the politics of aid and the un-coordination of donors, combine to create inevitable imbalances in development aid distributions; some recipients receive proportionally less aid than they would receive based on a coordinated equitable distribution, while others receive more. As this disjuncture repeats over a period of years, it results in significant inequities in development aid funding levels emerging between countries of comparable development needs. Chronically underfunded countries are those countries that receive a notably smaller proportion of development aid, over an extended period of time, than that suggested by their level of need.⁸⁶ While maintaining reasonable expectations for the extent to which development aid can impact on outcomes, reducing these funding inequities could help chronically underfunded countries alleviate or resolve some of the acute problems associated with their low levels of development and high levels of relative need. Although the Development Assistance Committee of the OECD has been

⁸³ Organisation for Economic Co-operation and Development (2013). *Identification and Monitoring of Potentially Under-aided Countries*. Development Assistance Committee. Paris, OECD.

⁸⁴ Ibid. pp. 4-11.

⁸⁵ Ibid.

⁸⁶ Ibid.

the leading voice on this issue, it has gained increased attention from others in recent years. Riddell, for instance, characterises it as an aid allocation mismatch between those countries who get development aid and those who need it.⁸⁷ Meanwhile, the 2014 Reality of Aid Report characterises the problem as a systematic bias against those poorest countries most in need of development aid, and advocates that donors specifically direct increased volumes of aid to those countries most in need.⁸⁸

A necessary step towards reducing these development aid inequities, and resolving the chronically underfunded countries problem, is identifying which recipient countries are indeed chronically underfunded. However, in part because this is an emerging research area, there is not an established definition of exactly what constitutes a chronically underfunded country, nor a single accepted means of determining which particular recipients can be classified as such. Given the low volumes of development aid, which overall do not reach the 0.7% target, almost all developing countries probably have some claim to being underfunded in an absolute sense, however the aim when seeking to identify chronically underfunded countries is to identify those that are underfunded in a relative sense.

Various approaches have been used in attempting to identify chronically underfunded countries; these usually create a model for the ideal distribution of development aid, and then compare actual aid disbursement figures against those suggested by the model. Collier himself, along with Dollar, created the first prominent model of this type, which used factors of need and institutional performance to suggest the most efficient way that development aid could be used to alleviate absolute poverty.⁸⁹ Utz of the World Bank conducted a study using four different models to try and identify chronically underfunded countries; an updated version of the Collier-Dollar model, an alternate model prioritising institutional performance but also considering need, an egalitarian model with aid distributed equally among all citizens of developing countries, and a model simulating the actual importance donors attach to need and institutional performance.⁹⁰ The OECD document referenced above takes a similar approach and also uses four different models; a further updated version of the Collier-Dollar model, an alternate model balancing need and institutional performance, an egalitarian model, and a model combining weighted

⁸⁷ Riddell, R. C. (2014). Discussion Paper 33. Does foreign aid really work? An updated assessment. Development Policy Centre. Canberra, Australian National University.

⁸⁸ The Reality of Aid International Coordinating Committee and B. Tomlinson (2014). The Reality of Aid 2014. Rethinking Partnerships in a Post-2015 World: Towards Equitable, Inclusive and Sustainable Development. Quezon City, Philippines, The Reality of Aid Network.

⁸⁹ Collier, P. and D. Dollar (2002). "Aid allocation and poverty reduction." European Economic Review **46**: 1475-1500.

⁹⁰ Utz, R. (2010). Working Paper Series 7. Will Countries with Insufficient Aid Please Stand Up? Concessional Finance and Global Partnerships Vice Presidency. Washington D.C., The World Bank.

population figures and need as indicated by per capita incomes.⁹¹ In terms of specific countries that may be chronically underfunded, the latter two studies each identified seven recipients as such, according to at least three of their four respective models; both studies identified Guinea, Niger, Togo and Nepal, the Utz study also identified Comoros, Congo and Ethiopia, and the OECD study also identified Burkina Faso, Madagascar and Bangladesh.^{92,93}

The limited number of studies in this area of emerging importance indicates that further attempts to identify chronically underfunded countries are required. That task is attempted in this thesis, with three important differences in approach; a clear prioritisation of need through a basing of the model used on the HDI, an explicit focus on the EU as a donor, and the use of development aid disbursement figures from a much longer period of years. The explicit focus on the EU means that of the two main factors that create the chronically underfunded countries problem, this research has a particular focus on the politics of aid aspect, rather than the un-coordination aspect. A specific point of interest rests on whether the countries the model used in this research identifies as chronically underfunded match those identified as such in the previous two studies.

The Development Assistance Committee of the OECD argues that identification of chronically underfunded countries and improved coordination between donors can help resolve the issue. As bilateral donors will likely remain constrained to some degree by the objectives and priorities of their own country, multilateral donors may be best placed to reduce and correct any imbalances observed. Although it is not a typical multilateral, the EU could potentially take a leading role in resolving the issue of chronically underfunded countries. Many development aid donors are also EU Member States, so the EU is an appropriate actor to lead and manage increased coordination between them, as is called for by the OECD. Also, given the somewhat reduced influence of traditional political factors, and the somewhat unique influence of the concept of normative power, as discussed in Section 3.3, on the EU's approach to international relations, it is perhaps the ideal donor to adopt an approach to development aid allocation that prioritises need as a factor, and deliberately targets chronically underfunded countries. Such an approach would not only benefit those countries most in need of development aid, but could help in creating a clear and distinct role for the EU in international development, and potentially enhance its international standing.

⁹¹ Organisation for Economic Co-operation and Development (2013). Identification and Monitoring of Potentially Under-aided Countries. Development Assistance Committee. Paris, OECD.

⁹² Ibid.

⁹³ Utz, R. (2010). Working Paper Series 7. Will Countries with Insufficient Aid Please Stand Up? Concessional Finance and Global Partnerships Vice Presidency. Washington D.C., The World Bank.

CHAPTER THREE

Section 3.1 – Overview of the European Union

The approach taken by the European Union (EU) towards development is influenced to some extent by the issues pertaining to development itself discussed in the previous chapter. However, it is also influenced to some extent by the historical, political and institutional factors that shape the European integration project and the EU itself.

After centuries of sporadic but increasingly brutal warfare on the European continent, culminating in the widespread destruction caused by World War II, elites in different European countries reasoned that closer integration between them could help bring shared material gains and prevent further conflicts from breaking out. Thus, the European integration project emerged, which at its core was an attempt to bring greater peace and prosperity to Europe, and these two underlying concepts have remained important motivators in guiding the project over time. It aimed to bring improvements to the human life experience in both a social sense, which included those factors associated with democratic forms of governance, and a material sense, with a focus on creating wealth through increased economic integration. The economic aspect of European integration is probably the most renowned, as it includes the creation of a common European market and a common European currency, the euro, among its tangible achievements. In jointly pursuing these ambitions, European states have successively given up, or pooled, increasing degrees of their sovereignty, and because of this the European integration project presents a challenge to traditional conceptions of international relations. The integration process has been underpinned through the years by a number of treaties, the most important of which are the 1957 Treaty of Rome, which established the European Economic Community (EEC) as the main formal mechanism of European cooperation, and the 1992 Maastricht Treaty, which formally established the European Union itself as such.⁹⁴

The number of specific states participating in the formal structures of the European integration project has increased over time. The original six signatories of the Treaty of Rome were France, West Germany, Italy, the Netherlands, Belgium and Luxembourg. The number increased to eight in 1973, when the United Kingdom (UK), Ireland and Denmark joined. Following their transitions from authoritarian to democratic forms of governance, Greece, Spain and Portugal were welcomed in the 1980s, as the older members sought to support the new democratic regimes in those countries, taking the overall total to 11. In the 1990s, the reunification of Germany saw the eastern part of Germany incorporated into the project, and Sweden, Finland and Austria joined, which increased the overall number of EU Member States to 15. The collapse of communism was an important event in world history that had many far-reaching impacts; one of these was that the states of Eastern Europe, having been taken over by new democratic regimes, sought to join the process of European integration. Meanwhile, the EU Member States desired still to support the entrenchment of democracy, and work to spread peace and prosperity further across Europe. These desires culminated in the expansion of the EU by an additional ten states in 2004, which took the

⁹⁴ Bache, I. and S. George (2006). Politics in the European Union. Oxford, Oxford University Press.

total number of members to 25; the new Member States were Poland, the Czech Republic, Slovakia, Hungary, Estonia, Latvia, Lithuania and Slovenia, as well as Cyprus and Malta. Finally, Romania and Bulgaria joined the EU in 2007, increasing its membership to 27, and Croatia joined in 2013, increasing EU membership to its present level of 28 Member States.⁹⁵

The overall governance structure of Europe incorporates decision-making bodies with some degree of power at three separate tiers. The states themselves are considered sovereign in international relations and as the building blocks of the EU, and they are still widely seen as playing an important or primary role in determining policy. Some states, with Germany and Spain being prominent examples, also have strong regional government structures that play an important role, though this is not the case for most EU Member States. Finally, the third tier is the EU itself and its constituent institutions. The idea of subsidiarity plays a role in the governance of Europe; this idea contends that the lowest tier of government that can execute policy in a given area competently and effectively, should have primary responsibility for doing so. Therefore, to gain greater responsibility in the area of development policy, for example, the EU would theoretically have to demonstrate that it is clearly more competent and effective as a development actor than the states themselves.⁹⁶

The institutional architecture of the EU is comprised of four key institutions. The most prominent of these is the European Commission, which drafts and implements policy, and administers the EU budget; it is essentially the bureaucracy of the EU, and is divided into a number of directorates general, or departments. The second key institution is The Council, which refers to a number of structures through which Member State representatives meet to decide on the direction and objectives the EU should adopt with regards to specific issues; the most important of these structures are the precisely-named European Council, which are meetings of Member State heads of government, and Council of the European Union, which are meetings of Member State ministers responsible for the specific areas under discussion. The other key institutions are the European Parliament, which is directly elected and acts as the legislature, but is generally less powerful than the parliament of a typical state, and the European Court of Justice, which is the judicial arm. With the exception of the last of these, which is located in Luxembourg, the key institutions of the EU are located in Brussels, which is increasingly being seen as something of a de facto capital of the EU.⁹⁷

Most EU policy actions are directed internally. Prominent areas related to the economic aspect of integration include financial policy, issues related to the common euro currency, and issues related to the Common Market. Prominent areas related to the social aspect of integration include the likes of environmental, gender, technology and transport policies. The Common Agricultural Policy (CAP), which subsidises agricultural activities within Europe,

⁹⁵ European Commission. "From 6 to 28 members." Retrieved 16 November, 2015, from http://ec.europa.eu/enlargement/policy/from-6-to-28-members/index_en.htm.

⁹⁶ Bache, I. and S. George (2006). Politics in the European Union. Oxford, Oxford University Press.

⁹⁷ Ibid. pp. 227-350.

and is widely seen as indirectly impacting negatively on the developmental prospects of developing countries, is an economic policy conducted with social benefits to EU citizens in mind. While the CAP and other policies are mainly directed towards and driven by issues internal to the EU, they nonetheless affect to varying extents how the EU operates externally.

The ability of the EU to influence events, compared with that of the Member States, differs between different policy areas, and rests to some extent on how effective an actor it has previously shown itself to be in the particular area. In development, the states are widely seen as the main drivers of actions and outcomes. Notably, it remains the case that the EU budget, including that proportion dedicated to development aid, is funded originally through taxation by the Member States, as the EU does not have powers of taxation.⁹⁸ Furthermore, most of the overall pool of European development aid funding is still disbursed through the states themselves, rather than through the EU institutions, which indicates that in the area of development the states have chosen to retain a strong degree of control.⁹⁹

Section 3.2 – Approaches to Understanding the EU

The complex nature of the European integration project, and the structures of governance in Europe more generally, challenge traditional understandings of states and international relations, and have given rise to theoretical approaches attempting to conceptualise what is occurring. An important issue of concern is whether the EU more closely resembles an intergovernmental organisation or a supranational organisation. Theoretically, an intergovernmental organisation has weak authority as power sits with its constituent states, whereas a supranational organisation has stronger authority than its members and resembles a state itself. As the European integration project has seen Member States increasingly give up or pool aspects of their sovereignty over time, the EU is generally seen as resembling something more than a typical intergovernmental organisation, yet still as something less than a state, and thus constituting a unique phenomenon in international relations.¹⁰⁰

⁹⁸ European Parliament. "General tax policy." Retrieved 16 November, 2015, from http://www.europarl.europa.eu/atyourservice/en/displayFtu.html?ftuId=FTU_5.11.1.html.

⁹⁹ Organisation for Economic Co-operation and Development (2014). Development Co-operation Report 2014: Mobilising Resources for Sustainable Development. Development Assistance Committee. Paris, OECD. pp. 267-377.

¹⁰⁰ Wiener, A. and T. Diez, Eds. (2009). European Integration Theory. Oxford, Oxford University Press. pp. 214-217.

A number of theoretical approaches to understanding the EU have gained prominence. Liberal intergovernmentalism serves as something of a default position, and argues that due to the leading role they play in policy-making, the Member States themselves remain the key actors in the EU, in terms of determining outcomes. Neo-functionalism serves as the default counterpoint, and argues that a range of actors, including the supranational institutions of the EU, can affect outcomes; it also argues that enhanced integration in specific policy areas inevitably has spill-over effects, which promote further integration in other areas. Multi-level governance perspectives build on neo-functionalism, and propose a complex model with a wide range of actors, including states, supranational institutions, and others, none of which has the ability to solely determine outcomes; also, it posits that the integration process overall has seen the supranational institutions gain power and authority at the expense of the states.^{101,102}

The policy networks approach uses theories and ideas about public policy that typically apply to states, and applies them to the EU; this approach has had some influence at the micro level, and suggests that the conceptual nature of the EU matters little in a practical sense. New institutionalism is an approach that focuses in particular on the EU institutions, and the ways they affect and are affected by the integration process; it characterises the EU institutions as active and evolving agents, with their own motivations and interests, and an ability to play an important role in determining outcomes. Finally, constructivism offers a sociological perspective, which attempts to shift the academic discussion away from a focus on agents, and onto the behavioural norms that shape the context in which they operate; as applied to the European integration project, this includes an acknowledgement of the way that state structures have evolved and adapted to the integration process. While these conceptual approaches focus generally on the internal dynamics of the EU, they can also play an important role in influencing, and understanding, how it interacts with the rest of the world.^{103,104}

At the disciplinary level, European studies encompasses three broad and related approaches. The first analyses Europe or the EU, or specific aspects of or issues pertaining to them in some way, using perspectives from different fields of study, and can be understood as akin to an area studies approach. The second, and most dominant, is rooted in political studies, and examines micro or macro aspects of the European integration project itself, or specific issues arising from it; this approach generally has an internal focus and investigates how the process has affected and changed Europe itself, and the most

¹⁰¹ Holland, M. and M. Doidge (2012). Development Policy of the European Union. Basingstoke, Hampshire, Palgrave Macmillan. pp. 23-36.

¹⁰² Saurugger, S. (2014). Theoretical Approaches to European Integration. Basingstoke, Hampshire, Palgrave Macmillan. pp. 34-78.

¹⁰³ Holland, M. and M. Doidge (2012). Development Policy of the European Union. Basingstoke, Hampshire, Palgrave Macmillan. pp. 23-36.

¹⁰⁴ Saurugger, S. (2014). Theoretical Approaches to European Integration. Basingstoke, Hampshire, Palgrave Macmillan. pp. 79-183.

prominent theoretical concepts related to it are summarised above. Finally, the third broad approach, which is taken in this research, is to adopt an outward focus and investigate how the EU interacts with the rest of the world, how its actions affect the wider world, and what they reveal about the nature of the EU itself.

Studies examining the EU as a global actor tend to focus on specific aspects of its external interaction, that correspond with the different practical ways in which the EU interacts with the wider world. They do so acknowledging the context, prominently elucidated by Hill, that a significant gap exists between what is often expected of the EU in international affairs, and what it is practically capable of achieving.¹⁰⁵ Many studies investigating the EU as an international actor focus on aspects of external defence and security. There has been significantly less integration in the military sphere than in the economic and social arenas, and thus those who see international relations in realist terms generally characterise the EU itself as somewhat weak or constrained. In recent years, the EU has begun sending integrated security missions outside its borders, and these constitute one part of the EU's interaction with the developing world that sits outside its development policy.¹⁰⁶ Another prominent way in which the EU interacts with the rest of the world is through its trade policy, and this impacts to some extent on its approach to development; trade policy is one area where the power sits strongly with the EU tier, as it can clearly leverage the combined strength of the Member State economies in trade negotiations more effectively than the states themselves could do independently.¹⁰⁷ There is also an increasing focus on the machinations of the European External Action Service, which is a recent but prominent construction that affects and is affected by all the main EU institutions, and conducts the organised diplomatic activities of the EU.¹⁰⁸

Finally, development policy, with its particular focus on the developing world, constitutes an interesting and under-researched aspect of the EU's external engagement. This research investigates the EU as a development aid donor, and the role that need plays in determining its development aid allocations; it does so cognisant that the EU's approach to development is influenced by other aspects of its external action and its approach to international relations more generally, as well as its own internal features and the evolution and characteristics of the integration project itself.

¹⁰⁵ Hill, C. (1993). "The Capability-Expectations Gap, or Conceptualizing Europe's International Role." Journal of Common Market Studies 31(3): 305-328.

¹⁰⁶ European Union External Action Service. "Ongoing missions and operations." Retrieved 16 November, 2015, from <http://www.eeas.europa.eu/csdp/missions-and-operations/>.

¹⁰⁷ Orbie, J. (2008). The European Union's Role in World Trade: Harnessing Globalisation? Europe's Global Role: External Policies of the European Union. J. Orbie. Farnham, Surrey, Ashgate: 35-66.

¹⁰⁸ Kelly, S. L. (2009). The European Union in the Asia-Pacific: Current Representations and the Potential Impact of the EEAS, University of Canterbury.

Section 3.3 – Normative Power Europe

A prominent conceptual approach that attempts to explain and understand how the EU operates as an international actor is normative power Europe (NPE). This thesis adopts the NPE theoretical lens when examining the EU as a development aid donor.

NPE was most prominently articulated by Manners in his 2002 article *Normative Power Europe: A Contradiction in Terms?*¹⁰⁹ The normative approach is a conception of international relations that contrasts with the dominant realist approach; realism holds that states are the key actors in the international system, and their ability to influence events is based on their relative strength, which is generally equated with their military strength. Normative power, by contrast, is the ability to shape the ideas and values that influence global outcomes, and offers an alternate means through which actors can exercise international power. While the EU exists in a global environment where realism drives to a large degree the actions of the dominant powers, the EU is poorly suited to influencing events in this manner, as it lacks an integrated military and is not a typical state. For Manners and others, understanding how the EU actually operates in this international system is as essential to understanding its nature as analyses of its internal dynamics.^{110,111}

NPE builds on earlier ideas of Europe as a civilian, or non-military, power in international affairs, and offers a conceptual framework for understanding how the EU could function as an international actor of global influence. Through the spread of its ideas and values, the EU could potentially shape the international norms that help determine how other actors behave in the system. Manners uses the EU's opposition to the death penalty, and its subsequent abolishment in many countries, to demonstrate how normative power can be exercised in practice. Finally, he argues that the EU is uniquely predisposed to adopt a normative approach; the EU represents an atypical and unique political form in the international system, and its unique characteristics allow and encourage it to act in a normative manner, rather than in more traditional ways.¹¹²

Manners identified a number of specific EU norms, derived from its own history and behaviour over an extended period, which could guide its international interactions. The foremost of these were the five core norms of peace, liberty, democracy, the rule of law, and human rights; they were accompanied by the four additional minor norms of social

¹⁰⁹ Manners, I. (2002). "Normative Power Europe: A Contradiction in Terms?" Journal of Common Market Studies 40(2): 235-258.

¹¹⁰ Ibid.

¹¹¹ Lucarelli, S. and I. Manners, Eds. (2006). Values and Principles in European Union Foreign Policy. Abingdon, Oxon, Routledge.

¹¹² Manners, I. (2002). "Normative Power Europe: A Contradiction in Terms?" Journal of Common Market Studies 40(2): 235-258.

solidarity, anti-discrimination, sustainable development, and good governance.¹¹³ The NPE approach can thus be seen as descending from the integral motivations of the European integration project to help bring about peace and social good internally, as an explication of the component parts associated with that mode of thinking, and as a means of transmitting it externally. Notably, Manners identified sustainable development as an EU norm as early as 2002, before the term was ubiquitous in development studies, however its subsequent ascension to dominance in that field clearly owes more to developments in the discipline itself than to any influence by Manners or the EU. It is also notable that with development being increasingly understood more broadly, as for instance in the human development approach, overviewed in Section 2.2, with its focus on expanding human freedoms and capabilities, that all of these norms arguably relate to the development process in some way.

The idea of NPE is applied in a variety of different ways. Many scholars analyse the process of how the EU diffuses its norms and values to the rest of the world. Others consider the level of coherence, capacity, or international credibility the EU has, or has to require, to influence international politics in a normative manner. Analyses of the EU as a normative power often investigate specific policy areas such as the environment or trade, or specific norms such as human rights or democracy.¹¹⁴ There is also discussion over the increased moves towards military integration in Europe, and the possibly negative effect this could have on the conception of the EU playing a normative role in international affairs; Manners himself has argued that this is not inevitably the case, however that in practice these moves are indeed weakening the claim the EU could make to being a normative actor.¹¹⁵ A particular point of contention rests on the origin of the values originally identified by Manners, and whether they can be genuinely seen as distinctively European or EU values, or are better characterised as universal human values. Also, there is some conjecture over whether the norms and values are shared by all EU Member States; alternately, if the values can indeed be established as European in origin, there is concern that deliberate attempts to transmit them to the wider world constitute a form of cultural imperialism. Regarding the origin of these norms and values, NPE scholars usually accept them as universal human values, but argue that the EU has internalised and processed them, and presently sits in an ideal position to transmit and diffuse them.¹¹⁶

Overall, the concept of NPE has become highly influential in European studies, particularly when considering the external relations of the EU. The proposed or argued normative basis

¹¹³ Ibid.

¹¹⁴ Whitman, R. G., Ed. (2011). Normative Power Europe: Empirical and Theoretical Perspectives. Basingstoke, Hampshire, Palgrave Macmillan.

¹¹⁵ Manners, I. (2006). "Normative power Europe reconsidered: beyond the crossroads." Journal of European Public Policy **13**(2): 182-199.

¹¹⁶ Whitman, R. G. (2011). Norms, Power and Europe: A New Agenda for Study of the EU and International Relations. Normative Power Europe: Empirical and Theoretical Perspectives. R. G. Whitman. Basingstoke, Hampshire, Palgrave Macmillan: 1-24.

for EU action is often traced to EU treaties, documents, and official approaches to external interaction.¹¹⁷ The normative principles identified and associated with NPE imply that the approach has a strong ethical underpinning. While a normative approach refers to shaping international conceptions of normal around an actor's ideas and values irrespective of what they may be, the types of values identified indicate that in the case of the EU, a normative approach constitutes having an ethically positive influence internationally. Nevertheless, NPE has achieved wide theoretical credibility, and has also influenced, at least to some extent, the approach pursued by the EU in international relations; thus, it provides a credible means of assessing the EU's external actions, and an appropriate platform from which to advocate for potential changes in its approach.

When considering the most appropriate role for the unique international actor that is the EU, it is important to consider the overall international context in which it operates. There are two central factors that influence international relations in contemporary times; firstly, the dominant actors in the system are strong states that generally hold a realist attitude towards international affairs, and secondly, the international system is slowly transitioning from a unipolar system dominated by the United States to a multipolar system. The National Intelligence Council of the United States acknowledges the second of these, and believes that by 2030 their dominance will be increasingly challenged by China, India, and possibly Russia; regarding the EU, they argue it will remain significant and retain economic strength, but nonetheless decline overall and lose global influence over time.¹¹⁸ This accurately reflects the widely-held realist view of the EU as a declining power in an increasingly multipolar world.

To retain or increase its international influence in the medium and long term, the EU must look beyond traditional realist conceptions of power. The complex governance structure of Europe and lack of military integration mean that it will likely always appear weak or in decline when viewed through a realist lens. However, adopting a unique normative approach to international relations could allow the EU to remain relevant and influential in the international arena through different means. In particular, a distinctive normative approach would create clear differentiation between the EU and the strongly realist United States, and development policy is a particular area of external relations where the approaches of the two are already seen as beginning to diverge in this manner.^{119,120} The degree of effectiveness with which the EU could pursue a more strongly normative approach to international relations probably does rest somewhat on its internal structure; it

¹¹⁷ Ibid.

¹¹⁸ National Intelligence Council (2012). *Global Trends 2030: Alternative Worlds*. Washington D.C., National Intelligence Council.

¹¹⁹ Bretherton, C. and J. Vogler (2006). *The European Union as a Global Actor*. Abingdon, Oxon, Routledge.

¹²⁰ Johnson, K. D. (2010). "Reorienting U.S. Aid to Africa - In America's Interest." *American Foreign Policy Interests* 32: 229-236.

could likely function better as a normative power, and have greater international influence, with further internal integration.

Section 3.4 – Development Policy as a vehicle for NPE

As stated in the previous section, many studies have investigated the concept of normative power, and the extent to which it influences, or could influence, the approach of the EU to external relations. Separately, a number of studies have examined in a variety of ways the development policy and practices of the EU, although this is an under-researched area, due in part to the large gap between the development studies and European studies disciplines.

Those that examine the EU as a development actor often utilise the 1992 Maastricht Treaty as a starting point. This treaty, which established the European Union as the institutional form of European integration, contains a reference to its development activities, which states:

“Community policy in the sphere of development cooperation, which shall be complementary to the policies pursued by the Member States, shall foster: - the sustainable economic and social development of the developing countries, and more particularly the most disadvantaged among them; - the smooth and gradual integration of the developing countries into the world economy; - the campaign against poverty in the developing countries.”¹²¹

This piece of text, as well as earlier and subsequent references to development in EU institutional treaties and other important documentation, indicates that development policy is seen by the EU as a part of its overall operations; most interesting for the purposes of this research is the specific reference to fostering development in the most disadvantaged countries in particular. Additionally, it is notable that researchers are attaching increasing importance to development policy when evaluating the overall performance of the EU as an international actor; the European Think Tanks Group, for instance, argues that the effectiveness of the EU’s efforts to reduce global poverty and inequality constitute an important component of how its overall effectiveness can be assessed.¹²²

While there have been many studies investigating EU normative power, and some examining EU development policy, there have only been few specifically evaluating EU development policy through an NPE lens; this is somewhat surprising, as it contrasts with the wide general usage of development policy as an example of EU normative power in action. The passage from the Maastricht Treaty quoted above, which refers to the EU’s

¹²¹ (1992). Treaty on European Union. European Union. Article 130u.

¹²² European Think Tanks Group (2014). Our Collective Interest: Why Europe's problems need global solutions and global problems need European action. ODI, DIE, ECDPM and FRIDE. London, European Think Tanks Group.

ambition of fostering sustainable development and is seen as a clear link between the institutional form of the EU and development policy, is also invoked as a basis for triangularly linking the EU, development policy, and normative power. In 2008 Manners expanded on his earlier works and offered a greater extrapolation of the identified EU norms; regarding the sustainable development norm, he saw this as applying foremost to the EU itself, however also as extending specifically to its external interactions, particularly with the developing countries.¹²³ Meanwhile, the best examples of studies examining EU development policy from an NPE perspective are provided by Orbie and Versluys, Bonaglia and his colleagues, and Birchfield.^{124,125,126}

The three studies referenced above have a number of notable similarities and differences. All offer broad overviews of EU development policy, with attention given to its thematic focuses and, to differing extents, to interactions with particular recipient countries or groups thereof. All note the upscaling of EU development aid that has occurred in recent times, and Birchfield in particular has a focus on this. Orbie and Versluys, and the Bonaglia group, both note that the EU disburses only a small amount of its development aid to the poorest countries; the former study explains this as a result of strategic considerations and an increasing focus on security, and the latter notes a particular focus the EU has on Eastern Europe, and argues that Member States have outsourced the development of that region to the EU.^{127,128,129}

Regarding the extent to which the EU can be characterised as a normative power in international development, Birchfield has the most positive outlook; she argues that the EU's approach to development has undergone significant reforms, been infused with the principle of partnership and aligned with sustainable development practices, and therefore benefits development overall and tentatively at least indicates the EU to be a normative

¹²³ Manners, I. (2008). "The normative ethics of the European Union." International Affairs **84**(1): 45-60.

¹²⁴ Orbie, J. and H. Versluys (2008). The European Union's International Development Policy: Leading and Benevolent? Europe's Global Role: External Policies of the European Union. J. Orbie. Farnham, Surrey, Ashgate: 67-90.

¹²⁵ Bonaglia, F., A. Goldstein and F. Petit (2006). Values in European Union development cooperation policy. Values and Principles in European Union Foreign Policy. S. Lucarelli and I. Manners. Abingdon, Oxon, Routledge: 164-184.

¹²⁶ Birchfield, V. L. (2011). The EU's Development Policy: Empirical Evidence of 'Normative Power Europe?'. Normative Power Europe: Empirical and Theoretical Perspectives. R. G. Whitman. Basingstoke, Hampshire, Palgrave Macmillan: 141-160.

¹²⁷ Ibid.

¹²⁸ Orbie, J. and H. Versluys (2008). The European Union's International Development Policy: Leading and Benevolent? Europe's Global Role: External Policies of the European Union. J. Orbie. Farnham, Surrey, Ashgate: 67-90.

¹²⁹ Bonaglia, F., A. Goldstein and F. Petit (2006). Values in European Union development cooperation policy. Values and Principles in European Union Foreign Policy. S. Lucarelli and I. Manners. Abingdon, Oxon, Routledge: 164-184.

power in development.¹³⁰ The Bonaglia group reaches more cautious conclusions; it argues that while its analysis of EU documentation clearly indicates a normative approach to development, with values and principles embedded in a show of solidarity with the developing world, in a practical sense the EU lacks the degree of coordination to match this normative ambition, and furthermore does not yet have the level of influence in global development that matches either its ambition or its relative spend.¹³¹ Orbie and Versluys have the least positive outlook of the three studies; they note that an increase in resources does not necessarily correspond with more normative practice, and argue that the EU generally struggles to set norms in development and historically has instead followed the norms set by others, but nonetheless conclude that the EU is slowly evolving towards becoming a more normative actor in development.¹³² Overall, those who have analysed the EU as a development actor through the normative lens can be said to have reached mixed conclusions regarding the extent to which it constitutes a normative power in development.

The issues of unequitable development aid allocations and chronically underfunded countries, being somewhat new and emerging, are not directly covered in the NPE literature to date, though the studies overviewed above do note generally that much EU development aid does not go to the poorest countries. Nonetheless, a concern for these issues is intuitively consistent with an NPE outlook, and they represent examples of how a normative approach to international relations could respond to new and emerging international issues. Adopting a clearly and distinctively normative outlook and approach to development policy is important and necessary for the EU, if it seeks to genuinely become a normative power in the field of international development, and by extension in international relations more generally.

Section 3.5 – EU Development Frameworks

As development aid is one component of the approach the EU takes to development, it is important to consider broadly the EU's overall development approach, and in particular the institutional frameworks through which it interacts with the developing world.

¹³⁰ Birchfield, V. L. (2011). The EU's Development Policy: Empirical Evidence of 'Normative Power Europe?'. Normative Power Europe: Empirical and Theoretical Perspectives. R. G. Whitman. Basingstoke, Hampshire, Palgrave Macmillan: 141-160.

¹³¹ Bonaglia, F., A. Goldstein and F. Petit (2006). Values in European Union development cooperation policy. Values and Principles in European Union Foreign Policy. S. Lucarelli and I. Manners. Abingdon, Oxon, Routledge: 164-184.

¹³² Orbie, J. and H. Versluys (2008). The European Union's International Development Policy: Leading and Benevolent? Europe's Global Role: External Policies of the European Union. J. Orbie. Farnham, Surrey, Ashgate: 67-90.

Among its many clauses, the 1957 Treaty of Rome stated that the signing European states agreed to associate with what it called the non-European countries and territories with special relations, in order to advance their economic and social development.¹³³ France played an important role in ensuring the inclusion of this clause, as it sought to use the emerging European integration project as a way of retaining its influence in the developing world.¹³⁴ In part because of this, France and French officials have had a particularly influential role in designing and implementing EU development architecture and policy.¹³⁵ The institutional relationship between the EU and the developing world was originally governed by the Yaoundé Conventions, although they defined the developing world narrowly, and their membership was made up largely of former French colonies.¹³⁶

From 1975, the Yaoundé Conventions were replaced by the Lomé Conventions, which would oversee the relationship between the EU and the developing world for the last quarter of the 20th Century. The UK, having joined the institutional structures of European integration in 1973, played an important role in the creation of the Lomé Conventions, as it sought to include many of its own former colonies in the institutional relationship with the developing world; it thus joined France in playing a leading role in determining and executing EU development policy. The Lomé Conventions were designed to be more of a partnership when compared with previous colonial relationships, and focused on economic development as a means of reducing poverty, reflecting the outlook of modernisation theory, the dominant theoretical paradigm in development at the time. Notably, they included trade preferences for the developing countries in agricultural and mineral productions. It is important to note that the Lomé Conventions were not agreements between the EU and the developing world as a whole, but rather with the African, Caribbean and Pacific Group of States (ACP), made up generally of former colonies of UK and France. Over time, the Lomé Conventions solidified the relationship between the EU and the ACP, as other parts of the developing world have not had a comparable institutional relationship with the EU. Overall, the Lomé Conventions were not perceived as successful, as during the period the ACP countries did not experience notable developmental gains or reductions in poverty, and their overall share of trade with the EU declined; furthermore the

¹³³ (1957). The Treaty of Rome. Belgium, West Germany, France, Italy, Luxembourg, Netherlands. Article 131.

¹³⁴ Holland, M. and M. Doidge (2012). Development Policy of the European Union. Basingstoke, Hampshire, Palgrave Macmillan. p2.

¹³⁵ Dimier, V. (2014). The Invention of a European Development Aid Bureaucracy. Basingstoke, Hampshire, Palgrave Macmillan.

¹³⁶ Holland, M. and M. Doidge (2012). Development Policy of the European Union. Basingstoke, Hampshire, Palgrave Macmillan. pp. 46-53.

non-reciprocal trading preferences contained within Lomé were seen by some as cementing production patterns in the developing world and constraining economic growth.^{137,138,139}

The Lomé Conventions were replaced in 2000 by the Cotonou Agreement, and this agreement currently governs the institutional relationship between the EU and the ACP.¹⁴⁰ Although the Cotonou Agreement did not enter into force until 2003, this change in the institutional relationship closely corresponds with the signing of the Millennium Development Goals (MDGs) and further delineates the MDG era examined in this research from other time periods. However, while the MDGs can be seen as a reflection of the human development approach to development, the Cotonou Agreement reflects more closely the neoliberal development approach. Its intention is to bring about further integration of the developing countries into the world economy, and it has a strong focus on trade liberalisation and economic growth; a further focus is on developing country institutional performance and good governance. Meanwhile, a concurrent initiative gave full access to the EU market for all products from ACP countries, although the important export products of banana, sugar and rice were to be phased in. As the non-reciprocal trade aspects of the Lomé Conventions had come to be seen as a negative, the original intention was to remove them from the Cotonou Agreement completely. However, it was agreed to exempt those countries with particularly low levels of development or high levels of vulnerability from this aspect, and they were allowed to retain their trade preferences from the Lomé Conventions; further, these were extended to all of the defined least developed countries, which included some non-ACP countries. An important and unique aspect of the Cotonou Agreement was its intention to formulate regional Economic Partnership Agreements (EPAs) between the EU and different regions, or groups of countries, within the ACP group. This aspect proved particularly unpopular with the developing countries and was criticised from the outset; the negotiations for many of the proposed EPAs remain

¹³⁷ Grilli, E. R. (1993). The European Community and the Developing Countries. Cambridge, Cambridge University Press.

¹³⁸ Holland, M. and M. Doidge (2012). Development Policy of the European Union. Basingstoke, Hampshire, Palgrave Macmillan.

¹³⁹ Davenport, M., A. Hewitt and A. Koning (1995). Europe's Preferred Partners? The Lomé Countries in World Trade. London, Overseas Development Institute.

¹⁴⁰ (2000). Partnership Agreement Between the Members of the African, Caribbean and Pacific Group of States of the one part, and the European Community and its Member States of the other part. The European Community, ACP States.

incomplete as of 2015, and this aspect of the Cotonou Agreement cannot be considered a success.^{141,142,143}

Section 3.6 – EU Approach to Development

While the Cotonou Agreement forms the basis of the EU's relationship with the ACP countries, its overall approach to development has many other components. The key actor within the institutional framework of the EU responsible for overseeing EU development policy is the Directorate-General for International Cooperation and Development (DG Devco), a department of the European Commission. DG Devco describes its ultimate aims as reducing poverty in the world, ensuring sustainable development, and promoting democracy, peace and security. It also works to increase coordination between EU Member State donors and offers a locale where common agreement amongst them regarding development issues can be generated. The work of DG Devco is influenced by many factors relating to both the EU and development, including the likes of advocating for greater policy coherence within the EU, and a push for greater aid effectiveness; during the MDG era, the MDGs were supported by DG Devco and thus influenced the EU's approach to development to some extent.^{144,145,146}

The EU produces a number of official documents related to development that each contribute to its overall approach. The Consensus on Development outlines the vision that underpins the EU's work as a development actor, as jointly agreed to by the Member States; it provides guidance to DG Devco and effectively serves as a joint EU development policy.¹⁴⁷ The Development Code of Conduct outlines the principles that should guide how the EU itself and the Member State donors coordinate with each other and practically operate in

¹⁴¹ Holland, M. and M. Doidge (2012). Development Policy of the European Union. Basingstoke, Hampshire, Palgrave Macmillan.

¹⁴² Grynberg, R. and A. Clarke, Eds. (2006). The European Development Fund and Economic Partnership Agreements. London, Commonwealth Secretariat.

¹⁴³ Keijzer, N. and M. Negre (2014). "Outsourcing a partnership? Assessing ACP-EU cooperation under the Cotonou Partnership Agreement." South African Journal of International Affairs **21**(2): 279-296.

¹⁴⁴ European Commission. "About International Cooperation and Development - DG DEVCO." Retrieved 16 November, 2015, from https://ec.europa.eu/europeaid/general_en.

¹⁴⁵ European Commission. "Mission Statement." Retrieved 16 November, 2015, from <https://ec.europa.eu/europeaid/node/7318>.

¹⁴⁶ European Commission. "European Development Policy." Retrieved 16 November, 2015, from https://ec.europa.eu/europeaid/policies/european-development-policy_en.

¹⁴⁷ European Parliament, European Council and European Commission (2006). "The European Consensus on Development." Official Journal of the European Union.

the field of development.¹⁴⁸ The 2012 Council Conclusions on Development re-emphasised many points contained in the previous two documents, and helped influence the setting of those parts of the 2014-2020 EU budget related to development.¹⁴⁹ DG Devco reports annually on its work, outlining how EU development policy is being implemented, and also proposes specific ideas of how the EU and the Member States can improve their performance as development aid donors.^{150,151} It also writes many country strategy papers assessing the micro level needs of particular recipients, which help determine how aid is practically used in those specific contexts. Finally, the EU funds the production of the European Reports on Development, which are compiled by development research institutes located in the EU, and have specific sectoral or thematic focuses on issues relating to development.^{152,153,154}

These documents make some specific references relevant for the purposes of this research. The DG Devco mission statement states explicitly that it concentrates funding to those countries most in need, and adds that it has a particular focus on supporting development in Africa.¹⁵⁵ The Consensus on Development states that need should constitute an important criterion in determining development aid allocations, alongside institutional performance; and also that particular attention should be given to fragile states and donor orphans, by which it means chronically underfunded countries.¹⁵⁶ The Code of Conduct also acknowledges this issue, and states that the EU and its Member States should work to

¹⁴⁸ Council of the European Union (2007). EU Code of Conduct on Complementarity and Division of Labour in Development Policy. External Relations Council. Brussels, Council of the European Union.

¹⁴⁹ Council of the European Union (2012). Council Conclusions. Increasing the Impact of EU Development Policy: an Agenda for Change. Brussels, Council of the European Union.

¹⁵⁰ European Commission (2014). 2014 Annual report on the European Union's development and external assistance policies and their implementation in 2013. D. G. D. a. C.-. EuropeAid. Brussels, European Commission.

¹⁵¹ European Commission (2013). Commission Staff Working Document. EU 2013 Report on Policy Coherence for Development. Brussels, European Commission.

¹⁵² European Report on Development (2015). European Report on Development 2015. Combining Finance and Policies to Implement a Transformative post-2015 Development Agenda. ODI, ECDPM, DIE, University of Athens and Southern Voice Network. Brussels, European Union.

¹⁵³ European Report on Development (2013). European Report on Development 2013. Post-2015: Global Action for an Inclusive and Sustainable Future. ODI, DIE and ECDPM. Brussels, European Union.

¹⁵⁴ European Report on Development (2012). Confronting Scarcity: Managing water, energy and land for inclusive and sustainable growth. ODI, DIE and ECDPM. Brussels, European Union.

¹⁵⁵ European Commission (2014). Main missions of DEVCO Directorates and Units. Directorate-General for International Cooperation and Development. Brussels, European Commission.

¹⁵⁶ European Parliament, European Council and European Commission (2006). "The European Consensus on Development." [Official Journal of the European Union](#).

redress the imbalance in resources allocated to different recipients.¹⁵⁷ The issue of need is mentioned many times in EU documentation related to development, but is not specifically defined, other than a reference to incomes in the Consensus on Development, and the EU does not have an official needs index, though it is theoretically possible that DG Devco makes use of an unpublicised needs index. Overall, there is sufficient evidence in EU documentation to suggest the EU at least considers need when determining its development aid allocations, and has a rhetorical awareness of the chronically underfunded countries problem.

Researchers examining the EU's approach to development have raised a number of issues; the two most prominent seem to be the relationship between the EU tier and the Member States, and the overall theoretical outlook of the EU's approach. Dearden overviews a number of issues the EU faces in coordinating Member State action in the realm of development, and argues the inconsistency in approaches between different Member States is problematic.¹⁵⁸ Meanwhile, Barder and his colleagues draw attention to those differing approaches, and the differing levels of commitment to development of the Member States; they also argue that overall the EU works energetically to tackle the symptoms of poverty, but not the underlying causes.¹⁵⁹ Schneider and Tobin examine how the Member States influence the overall approach of the EU to development, and argue that different groups of Member States can align it with their own interests by forming interest coalitions.¹⁶⁰ Regarding the overall theoretical outlook reflected in the EU's approach to development, there seems to be a reasonable consensus that it generally adopts a neoliberal development approach; this stems somewhat from its historic use of aid conditionality. Carbone argues that although the EU has been working to stop the practice of tying or conditioning aid, it has thus far failed with this ambition, as it has been unable to generate agreement on the issue amongst the Member States.¹⁶¹ Langan takes a stronger position, arguing that despite a rhetorical opposition to aid conditionality, the EU still uses it in practice through the way it administers budgetary support to developing countries.¹⁶² The focus on institutional performance and good governance adopted by the EU is also seen as contributing to its overall neoliberal approach to development; Carbone examined this

¹⁵⁷ Council of the European Union (2007). EU Code of Conduct on Complementarity and Division of Labour in Development Policy. External Relations Council. Brussels, Council of the European Union.

¹⁵⁸ Dearden, S. J. H. (2008). "Introduction: European Union Development Aid Policy - The Challenge of Implementation." Journal of International Development **20**: 187-192.

¹⁵⁹ Barder, O., J. Clark, A. Lepissier, L. Reynolds and D. Roodman (2012). Working Paper 313. Europe Beyond Aid: Assessing Europe's Commitment to Development. Washington D.C., Center for Global Development.

¹⁶⁰ Schneider, C. J. and J. L. Tobin (2013). "Interest Coalitions and Multilateral Aid Allocation in the European Union." International Studies Quarterly **57**: 103-114.

¹⁶¹ Carbone, M. (2014). "Much ado about nothing? The European Union and the global politics of untying aid." Contemporary Politics **20**(1): 103-117.

¹⁶² Langan, M. (2015). "Budget support and Africa-European Union relations: Free market reform and neo-colonialism?" European Journal of International Relations **21**(1): 101-121.

issue in an earlier piece, as did Hout, who argued that the technocratic approach to governance reform taken by the EU reflects an ambition to mould developing countries into market societies.^{163,164}

The information overviewed in this section relates to the EU's overall approach to development, which influences its approach to development aid in particular, the subject of concern in the upcoming section.

Section 3.7 – EU Development Aid

In its rhetoric, the EU describes itself explicitly as the world's leading donor, as over half of the overall global total of development aid is provided by the EU and its Member States.¹⁶⁵ However, it is important to note that the majority of this development aid is administered and allocated by the Member States themselves. Each of the Member States has its own development aid programme, with its own budget and its own priorities, and thus the Member States are donors in their own right; there is considerable variance in many ways, including aid volumes and proportions, between the Member States as development actors. Additionally, the EU tier is also a development aid donor, and its budget is funded by the Member States; the total development aid budget administered by the EU tier is comparable to that of the large Member States used for comparative purposes in this research.

The EU and its Member States have repeatedly committed to increasing the proportions of their budgets that they dedicate to development aid; the 0.7% target is the long-standing target advocated for and agreed to within the United Nations (UN). The EU also has its own intermediate development aid targets, designed to help scaffold the Member States towards the 0.7% target; these EU targets were set in two tiers, one for those 15 countries that joined the EU before 2002 and one for those countries that joined since, to account for their own broadly different developmental situations. The 2010 target for the older EU Member States was 0.51%, and their 2015 target was 0.7%. For the newer EU Member States, the 2010 target was 0.17%, and the 2015 target was 0.33%.¹⁶⁶

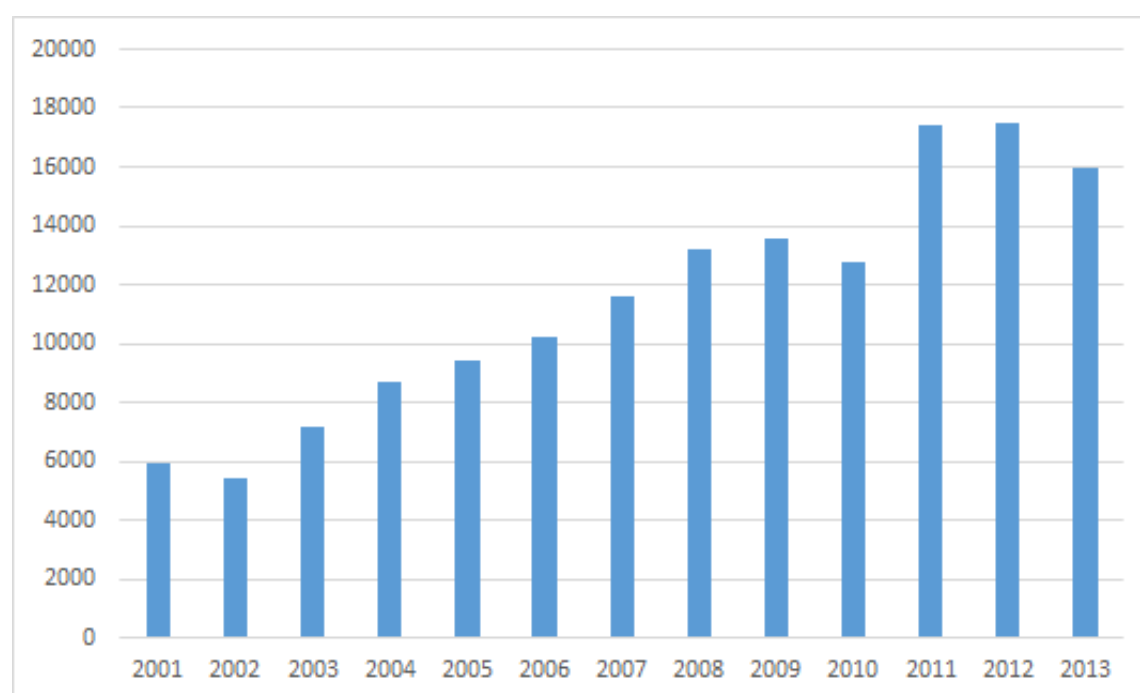
¹⁶³ Carbone, M. (2010). "The European Union, Good Governance, and Aid Co-ordination." Third World Quarterly **31**(1): 13-29.

¹⁶⁴ Hout, W. Ibid. "Governance and Development: changing EU policies." 1-12.

¹⁶⁵ European Commission. "European Development Policy." Retrieved 16 November, 2015, from https://ec.europa.eu/europeaid/policies/european-development-policy_en.

¹⁶⁶ Council of the European Union (2005). Council conclusions: Accelerating progress towards achieving the millennium development goals. External Relations Council. Brussels, Council of the European Union.

Figure 2: EU Institutions Aid Volumes to All Recipients (USD millions)¹⁶⁷



There is notable variance in the proportions of development aid given by different EU Member States. As of 2013, Sweden, Luxembourg, Denmark and the UK are meeting the 0.7% target; the first three of these countries had development aid levels of above 0.7% for the entire MDG period, while the UK is a recent addition to the group. Norway, which has not joined the EU, is the only other development aid donor to reach that target. The Netherlands was previously above the 0.7% target, but as of 2013 had dipped below it. Of the three key EU Member States being used for comparative purposes in this research, the UK gives a notably higher proportion of development aid than France and Germany, however this is a recent phenomenon, and over the MDG period as a whole the three gave comparable amounts. Among the newer EU Member States, as of 2013 none is close to reaching the interim 0.33% target set by the EU, though Slovenia gives the highest proportion among this group. Overall, it is notable that those countries that do meet the 0.7% target are among the wealthiest and most developed in the EU.¹⁶⁸

During the MDG era, it can be said that development aid slowly increased as a priority for the EU and its Member States, as there was an increase in development aid volumes during the period. This is illustrated by Figure 2, which shows the raw volumes disbursed by the EU itself to all recipients in the years between 2001 and 2013. Notwithstanding temporary

¹⁶⁷ Organisation for Economic Co-operation and Development (2015). Organisation for Economic Co-operation and Development Query Wizard for International Development Statistics: These data are an excerpt from Aid Disbursements to Countries and Regions (Dac2a). Development Assistance Committee. Paris, OECD.

¹⁶⁸ United Nations (2015). Millennium Development Goal 8: Taking Stock of the Global Partnership for Development. MDG Gap Task Force. New York, United Nations.

reductions in times of economic turbulence, the overall pattern shown by this graph is a slow upwards trend. Finally, it is notable that helping people in developing countries is of importance to a majority of citizens in all EU Member States, as indicated by a 2015 Eurobarometer survey.¹⁶⁹ Should this remain the case, it is likely that development aid proportions will increase further in the future.

The EU distributes its development aid to recipients through four geography-based development aid funding instruments; the disbursements for all four are administered for the most part by DG Devco. The use of four separate instruments reflects how the EU categorises its interactions with different countries and regions in the wider world. The most prominent of these is the European Development Fund (EDF); it disburses development aid to the ACP group of countries, which are signatories of the Cotonou Agreement. The EDF sits outside the EU budget and is funded directly by the Member States, but is managed by DG Devco.¹⁷⁰ The Instrument for Pre-accession Assistance (IPA) disburses development aid funding to those countries that are candidates, or have been deemed eligible to become candidates, to join the EU. While sometimes considered to not be development aid in the traditional sense, funding from this instrument is consistently included as such in official statistics, so thus is included in this research. The European Neighbourhood Instrument (ENI) disburses development aid to those countries covered by the European Neighbourhood Policy; these countries are located in Eastern Europe, North Africa and the Eastern Mediterranean. Finally, the Development Cooperation Instrument (DCI) disburses aid to the remaining developing countries not covered by the other three instruments; this essentially equates to Asia and Latin America.¹⁷¹ The IPA, ENI, and DCI funding instruments sit within the EU budget under the Global Europe heading and constitute the three largest and most significant lines in this section of the budget.¹⁷² This use of four development aid funding instruments based largely on geography is important because it plays a role in determining how of EU development aid funding is distributed between different recipient countries.

As discussed in Section 2.7, those factors that influence development aid distributions generally can be grouped as need, institutional performance and political factors; some researchers have investigated aspects of how these broad influences specifically affect the EU's overall development aid distribution, and generally have reached critical conclusions about the role played by political factors. These studies have often focussed on a potential geographic bias towards the ACP countries, a further potential geographic bias towards

¹⁶⁹ European Commission (2015). Special Eurobarometer 421. The European Year for Development - Citizens' Views on Development, Cooperation and Aid. Brussels, European Commission.

¹⁷⁰ European Commission. "Where does the money come from?" Retrieved 16 November, 2015, from https://ec.europa.eu/europeaid/funding/about-funding-and-procedures/sources-funding_en.

¹⁷¹ European Commission. "Funding instruments." Retrieved 16 November, 2015, from http://ec.europa.eu/europeaid/funding/funding-instruments-programming/funding-instruments_en.

¹⁷² European Commission (2013). Multiannual Financial Framework 2014-2020 and EU Budget 2014: The Figures. Brussels, European Union.

Eastern Europe, and the overall developmental level of leading EU development aid recipients. Further studies have investigated the role that institutional performance plays in the EU's development aid distribution. While there is not yet a large number of studies on this topic, investigations of the development aid allocations of specific donors, including the EU, are becoming more commonplace within the development studies discipline over time.

Arvin and his colleagues conducted a study of EU development aid in the 1986-1995 period and reached clear conclusions that the EU exhibits the small country bias and a bias towards the ACP countries with which it has a long-standing institutional relationship; they also argued that to some extent it favours wealthier developing countries, and that overall the EU's development aid is highly politicised.¹⁷³ Berthélemy concurred with these findings, arguing that while multilateral donors generally have more equitable development aid distributions, the EU is unique as a multilateral in that it exhibits a strong bias in favour of ACP countries, and that overall both need and institutional merits play a only a small role in determining its overall aid allocations.¹⁷⁴

Writing in 2000, Cox and Chapman examined the historic patterns of EU development aid in the pre-MDG era. One of their main conclusions was that the proportion given to sub-Saharan Africa has declined over time, from highs of over 70% in the 1970s to around 30% at their time of writing. In contrast, they argued the proportion of aid to Central and Eastern Europe increased rapidly in the 1990s and a bias towards this region has come to supersede the traditional ACP bias.¹⁷⁵ Many others have also noted this shift in EU focus towards Eastern Europe following the collapse of communism. A recent study from the Organisation for Economic Co-operation and Development (OECD) descriptively examined many aspects of the development aid allocations of the EU and other donors, and concluded, amongst other things, that as of 2012, EU development aid remains primarily focussed on Eastern Europe and sub-Saharan Africa.¹⁷⁶

The findings of the above studies indicate that generally need does not play an important role in determining EU development aid distributions, however some studies have looked at this aspect specifically. Baulch argues that the EU concentrates its development aid to middle income countries, and that need as defined by the MDGs does not play a major role; he also argues that the EU compares unfavourably to its Member States in this regard.¹⁷⁷ Meanwhile, Karamalakov argues that political factors rather than need determine how the

¹⁷³ Arvin, M., J. Rice and B. Cater (2001). "Are there Country Size and Middle-Income Biases in the Provision of EC Multilateral Foreign Aid?" The European Journal of Development Research **13**(2): 49-57.

¹⁷⁴ Berthélemy, J.-C. (2006). "Aid allocation: Comparing donors' behaviours." Swedish Economic Policy Review **13**: 75-109.

¹⁷⁵ Cox, A. and J. Chapman (1999). The European Community External Cooperation Programmes. Brussels, European Commission.

¹⁷⁶ Organisation for Economic Co-operation and Development (2014). Development Co-operation Report 2014: Mobilising Resources for Sustainable Development. Development Assistance Committee. Paris, OECD.

¹⁷⁷ Baulch, B. (2006). "Aid Distribution and the MDGs." World Development **34**(6): 933-950.

EU allocates its development aid, and that much is given to advanced countries; he argues that a substantive redistribution is thus required.¹⁷⁸

Some researchers have focussed on the extent to which factors of institutional performance influence EU development aid distributions. Zanger argues, amongst other things, that good governance factors did not play a consistent or prominent role in determining the EU's development aid distribution in the pre-MDG era.¹⁷⁹ Meanwhile, Carey argues that despite rhetoric to the contrary, ultimately human rights records of recipients consistently do not strongly influence EU development aid commitments.¹⁸⁰ Finally, the extent to which security issues influence the EU's performance as a donor is coming under increasing consideration when analysing its development aid distribution.^{181,182}

So, while overall these studies suggest that need does not play a prominent role in determining EU development aid distributions, none examines specifically its performance in the MDG era from a human development perspective. Having examined the research topic from development studies and European studies perspectives, the remainder of this research analyses the development aid distribution of the EU and the extent to which it is influenced by need.

¹⁷⁸ Karamalakov, N. (2011). "Assessing European Union's Development Policy: Building the Bridge Between Rhetoric and Deeds." Romanian Journal of European Affairs **11**(4): 66-91.

¹⁷⁹ Zanger, S. C. (2000). "Good Governance and European Aid: The Impact of Political Conditionality." European Union Politics **1**(3): 293-317.

¹⁸⁰ Carey, S. C. (2007). "European Aid: Human Rights versus Bureaucratic Inertia?" Journal of Peace Research **44**(4): 447-464.

¹⁸¹ Woods, N. (2005). "The Shifting Politics of Foreign Aid." International Affairs **81**(2): 393-409.

¹⁸² Gavass, M. (2007). "Global Security or Poverty Eradication: The Politics of the European Union's Development Assistance." Review of African Political Economy **34**(111): 186-193.

CHAPTER FOUR

Section 4.1 – Approaches to Measuring Need

The concept of need is important to development studies generally, and to this research project in particular. However, what constitutes need in development is an issue of contestation; it is difficult to accurately measure and quantify need, and there is no single universally accepted way of measuring levels of development, developmental changes, or overall levels of need. Nonetheless, for the purposes of this research, it is necessary to identify a measure that offers an appropriate indication of the relative levels of need of recipient states; this will allow for an investigation of the extent to which need influences the actual development aid distributions of the European Union (EU) and the selected Member States. Therefore, this section considers different approaches to quantifying development and assessing the relative development statuses and levels of need of particular developing countries. Importantly, differing approaches to and ideas about measuring need are related to and informed by general theories and understandings of development. These approaches are usually based around measuring levels of development, or measuring levels of poverty; it is logically assumed that a lower level of development equates to a higher level of need, and that a higher level of poverty equates to a higher level of need.

Given the wide range of approaches to measuring development levels, poverty and need, it is necessary to clarify the stance taken by this research towards a number of specific issues. Firstly, poverty can be understood as absolute poverty or relative poverty; absolute poverty approaches involve a comparison with defined benchmarks, whereas relative poverty approaches involve a comparison with the overall standards of the group. Each approach can be applied globally, or, more usually, internally within states.¹⁸³ The concern of this research is not with absolute poverty or levels of need within states or globally, but rather with relative differences between states. Secondly, an issue related to need and poverty is that of inequality. The relative differences between states constitute an important facet of global inequality, but further inequalities exist within states themselves, their constituent regions, or smaller units still. Even assessing need at the most practical micro level, the household, cannot fully account for inequality, due to problems of unequal allocation of resources within households. Relative internal inequality is a problem that affects all countries and is difficult to remove; while states may have varying capabilities of resolving internal inequalities, ultimately doing so must be considered the primary responsibility of the state itself. Generally, inequality remains a problematic issue when attempting to quantify need, and measures of poverty or need cannot fully account for internal inequalities or differences.¹⁸⁴

¹⁸³ White, H. (2014). The measurement of poverty. *The Companion to Development Studies*. V. Desai and R. B. Potter. Abingdon, Oxon, Routledge: 60-66.

¹⁸⁴ Grusky, D. B. and R. Kanbur, Eds. (2006). *Poverty and Inequality*. Stanford, Stanford University Press.

The third issue acknowledged is the conjecture over whether development aid should be directed to poor people or poor countries.¹⁸⁵ This issue has arisen due to the presence of large numbers of poor people in developing countries that are not among the very poorest; this is a result of differing levels of population and internal inequality between states, and relates to differing understandings of poverty. This research contends that while population levels should naturally be taken into account when determining development aid allocations, ultimately aid must be directed foremost to the poorest countries with the highest average levels of need; this is consistent with an aid equity outlook, and accounts for the generally lower capabilities the very poorest countries have of resolving issues related to their low levels of overall development and high levels of need. Nonetheless, this issue remains an important and problematic one within the development studies discipline, and with regards to development aid allocations in particular. Finally, while approaches to measuring need are related to theories and understandings of development, they are also related to deeper philosophical understandings of the concepts of need and poverty; although related, these deeper philosophical issues are not examined in this research.¹⁸⁶

Modernisation theory, overviewed in Section 2.1, was the default dominant theoretical paradigm in development studies, and has traditionally had a strong influence on approaches to measuring development. Per the modernisation outlook, with its economic focus, the overall economic production level of the state is seen as the most appropriate measure of its level of development; increasing economic production is perceived as the purpose of development, and there is little practical differentiation between the concepts of economic growth and development. Thus, higher levels of production, greater economic growth, and higher incomes, are seen as signifying higher development statuses. Therefore, modernisation approaches advocate that development be measured in monetary terms; the measures utilised are usually the likes of the related Gross Domestic Product per capita, Gross National Product per capita and Gross National Income per capita. These measures, albeit in slightly differing ways, calculate the total of productive economic activities seen as contributing to the overall wealth of the state; they then divide this number by the population of the state, in order to show the average wealth of citizens in the country, which is seen as equating to the average level of development. Additionally, approaches based on economics can often have a particular focus on economic growth rates themselves. Advantages of using income measures and other economic measures include that they are relatively easily quantifiable, and are seen as allowing for accurate international comparisons, while approaches based on social statistics are often seen as less easily quantifiable and less comparable across different states. Support for economic and income-based measures of development remains strong amongst those with

¹⁸⁵ Koch, S. (2015). "From Poverty Reduction to Mutual Interests? The Debate on Differentiation in EU Development Policy." *Development Policy Review* 33(4): 479-502.

¹⁸⁶ Grusky, D. B. and R. Kanbur, Eds. (2006). *Poverty and Inequality*. Stanford, Stanford University Press.

understandings of development influenced by modernisation, and these approaches remain widely used, particularly by development economists.^{187,188}

Another approach to measuring levels of need that is based on income levels, and possibly the most well-known approach amongst the wider public, is the poverty line approach. This begins by setting a benchmark for the minimum level of income required to have an acceptable living standard, and then calculates the number or proportion of people whose incomes do not reach that standard. Those people living below the benchmark, or poverty line, are then said to be living in poverty, or sometimes absolute poverty. This approach is often applied internally to states, and thus poverty lines can differ significantly between states, due to their differing economic and developmental situations; however, the poverty line approach is also applied internationally, and the World Bank in particular is known for its use of a global poverty line when measuring levels of need. There is much debate around the appropriate levels at which to place poverty lines, both internally within states, and internationally, and ultimately their placement is a political decision that reflects the outlooks and capabilities of relevant actors; poverty line approaches must also account for the issue of inflation when considering changes over time. While the benchmarks used in these approaches are generally set in an absolutist way, such as \$2 per day, they are sometimes set at relative points, such as a certain percentage of the overall income average. Poverty line approaches have much support as a means of assessing levels of need, however the contested nature of where the benchmarks they use are set can be seen as decreasing their credence. Furthermore, the binary way in which they characterise populations, with people being portrayed as simply in poverty or out of poverty, is seen as problematic, as it generally does not account for overall averages, or for how far above or below the poverty line individuals or populations may be.^{189,190}

While approaches related to modernisation theory remain widely in use, the evolution of development theory has led to a greater diversity in understandings of development and approaches to measuring it. The human development approach, as detailed in Section 2.2, understands development broadly and in terms of human freedoms and capabilities, and thus as extending beyond just economic concerns. As such, it considers economic or income-based measures of development as unsatisfactory, as economic changes do not necessarily equate to changes in overall quality of life, and that regardless those approaches do not fully reflect levels of development as understood by human developmentalists. Therefore, the human development approach also considers social indicators as suitable

¹⁸⁷ Harriss, J. (2014). Development Theories. International Development: Ideas, Experiences, and Prospects. B. Currie-Alder, R. Kanbur, D. M. Malone and R. Medhora. Oxford, Oxford University Press: 35-49.

¹⁸⁸ Potter, R. B. (2014). Measuring development: From GDP to the HDI and wider approaches. The Companion to Development Studies. V. Desai and R. B. Potter. Abingdon, Oxon, Routledge: 56-59.

¹⁸⁹ Overseas Development Institute and E. Samman (2013). Working Paper 2. Eradicating global poverty: a noble goal, but how do we measure it? London, Overseas Development Institute.

¹⁹⁰ White, H. (2014). The measurement of poverty. The Companion to Development Studies. V. Desai and R. B. Potter. Abingdon, Oxon, Routledge: 60-66.

measures of development status, and this theoretical school has developed a number of more encompassing ways of quantifying need and development; these often include the likes of education indicators and health indicators. The shift in development theory towards broader understandings of development is important, because it influences not only approaches to quantifying development, but also the policy approaches adopted by developing countries; if development is understood as economic growth, states tend to focus their energy on achieving economic growth, whereas if development is understood as human development, they are more likely to emphasise the importance of social policy.

Two of the most renowned approaches to quantifying development associated with the human development approach are the Millennium Development Goals (MDGs) and the Multidimensional Poverty Index (MPI). The MDGs are overviewed in Section 2.3 and comprise a collection of human development indicators subscribed to by all countries through the United Nations (UN). Development progress towards the MDGs was monitored by the UN from the year following their signing, 2001, through to the present. The MDGs have been hugely influential in global development, and in this research the study period has been defined to as best possible equate with the MDG period. However, while acknowledging the importance and validity of the MDGs, the research cannot practically use them as a measure of development; by design, they are complex and cannot be encapsulated by a single number, instead being comprised of 48 separate indicators.¹⁹¹

The MPI is a modern approach to quantifying development released in 2010 that is gaining much credence. It is situated within the human development school and seeks to account for the multiple dimensions of poverty, including overlapping deprivations of capabilities. As such, it is highly detailed, considering differences between regional units and ethnic groupings within states, and has ten input factors related to education, health and standard of living, but does not include income as an input factor; the MPI can be considered as an expansion of the Human Development Index (HDI) detailed below. The MPI approach reflects a continuation of the trend of understanding and measuring development in increasingly broad ways.¹⁹² This research cannot make use of the MPI as a measure of development; while it can be encapsulated in a single number, it is too recent an addition to the development landscape, and was not in existence for much of the survey period. Nonetheless, the MPI represents an interesting recent development in approaches to measuring need, and may prove to be highly influential in the post-MDG era.

One of the earliest innovations of the human development approach was the HDI, which is a widely-known composite approach to measuring levels of development. It combines three important aspects of development into a single index; health as measured by life expectancy, education as measured by actual and expected years of schooling, and standard of living as measured by income levels. The three components are weighted equally and

¹⁹¹ Millennium Project. "Goals, targets and indicators." Retrieved 16 November, 2015, from <http://www.unmillenniumproject.org/goals/gti.htm>.

¹⁹² Alkire, S., M. Chatterjee, A. Conconi, S. Seth and A. Vaz (2014). Global Multidimensional Poverty Index 2014. Oxford, Oxford Poverty and Human Development Initiative.

combined into a single HDI rating score for each country, which ranges from 0 to 1; it is updated yearly and is overseen and administered by the UN. The HDI is judged as the most appropriate measure of need for the purposes of this research. However, it is not without drawbacks; it is important to note that the HDI is a summary and not a comprehensive measure of development, and that, as with many other approaches, it cannot account for internal inequalities within states. Furthermore, the HDI is not technically a measure of need, but rather a measure of development status; the logical assumption adopted is that a lower HDI value equates to a higher level of need.^{193,194}

Overall, the HDI is reasonably broad, is independent of donor or recipient rhetoric, is internationally respected and long-standing, and is consistent with the human development approach adopted in this thesis; in an environment where how best to measure need is contested, the HDI offers the most appropriate approach for use in this research.

Section 4.2 – MDG Era HDI Figures

Assessing development aid allocations, as detailed in Section 2.8, usually involves creating a model for the ideal distribution of development aid, then comparing actual development aid distributions against those suggested by the model. While the main focus of those models overviewed in Section 2.8 is on identifying potentially chronically underfunded countries, they are also useful for assessing the extent to which the factors that make them up influence overall development aid distributions; as this research focuses on both of these issues, this overall approach is an appropriate one to adopt. The most prominent models of this kind to date consider institutional factors, a balance of need and institutional factors, egalitarian distributions, or need as measured by incomes.^{195,196,197} This research, with its focus on need, and outlook informed by the human development approach, creates a model that is distinct in that it is informed by an aid equity outlook and based on the HDI; this is a simple model constructed for illustrative purposes, and the intention is to develop and

¹⁹³ United Nations Development Programme (2014). Human Development Report 2014. Sustaining Human Progress: Reducing Vulnerabilities and Building Resilience. New York, United Nations Development Programme.

¹⁹⁴ United Nations Development Programme. "Human Development Index (HDI)." Retrieved 16 November, 2015, from <http://hdr.undp.org/en/content/human-development-index-hdi>.

¹⁹⁵ Organisation for Economic Co-operation and Development (2013). Identification and Monitoring of Potentially Under-aided Countries. Development Assistance Committee. Paris, OECD.

¹⁹⁶ Collier, P. and D. Dollar (2002). "Aid allocation and poverty reduction." *European Economic Review* **46**: 1475-1500.

¹⁹⁷ Utz, R. (2010). Working Paper Series 7. Will Countries with Insufficient Aid Please Stand Up? Concessional Finance and Global Partnerships Vice Presidency. Washington D.C., The World Bank.

expand the model in further research. The remainder of this chapter overviews the process of compiling the factors necessary to create the model, and applying it to the relevant development aid distributions in order to examine the performance of the EU as a development aid donor.

The first step necessary in creating the aid allocation model is to identify a figure that represents the overall level of development of recipient states. As discussed, the HDI is the most appropriate means of measuring need for the purposes of this research, and thus forms the basis for the figures identified. As also discussed, the research aims to include development aid disbursements from the 2001-2013 period, which corresponds as best possible with the era of the MDGs. Therefore, it is necessary to identify an HDI figure that accurately represents the level of development of particular recipient states for the MDG period as a whole, rather than for any specific year. It is important to note that while the HDI is published yearly, the HDI figures published in a particular report are not comparable with those published in previous years, due to subtle changes in factors that affect the calculation process.^{198,199,200} However, each report does contain a section looking back at historical trends using the latest configuration of the calculation. With these points in mind, the research uses the HDI trends section of the 2014 HDI report, which was the most recent published at time of writing.²⁰¹

In order to create an MDG period HDI figure for each recipient country, a weighted average was constructed. The HDI trends section of the 2014 HDI report offered HDI figures for selected years; the relevant years for the purposes of this research were 2000, 2005, 2008, 2010, 2011, 2012 and 2013. As the survey period was 2001-2013, the stance adopted was that each year in the survey period should count equally, and that its assigned HDI figure should be that for the most historically recent year assigned a figure in the 2014 HDI report. The effect of this was that in the construction of the MDG era HDI averages, the 2000 figure in the report had a 4/13 weighting, the 2005 figure in the report had a 3/13 weighting, the 2008 figure in the report had a 2/13 weighting, and the 2010, 2011, 2012 and 2013 figures in the report each had 1/13 weightings. This process allowed for the construction of the MDG era HDI figures for recipient countries that are utilised in the research; these figures are displayed in Figure 2 and they are ordered from the lowest to the highest.

¹⁹⁸ United Nations Development Programme (2014). Human Development Report 2014. Sustaining Human Progress: Reducing Vulnerabilities and Building Resilience. New York, United Nations Development Programme.

¹⁹⁹ United Nations Development Programme (2013). Human Development Report 2013. The Rise of the South: Human Progress in a Diverse World. New York, United Nations Development Programme.

²⁰⁰ United Nations Development Programme (2011). Human Development Report 2011. Sustainability and Equity: A Better Future for All. New York, United Nations Development Programme.

²⁰¹ United Nations Development Programme (2014). Human Development Report 2014. Sustaining Human Progress: Reducing Vulnerabilities and Building Resilience. New York, United Nations Development Programme.

It is important to note that some recipients were not given historic HDI figures for all pertinent years in the 2014 HDI report; this was particularly the case for the most distant 2000 year reading. As this issue applied to 13 countries, a significant number, it was determined to keep these countries in the study, and adapt the weightings that contributed to their MDG period HDI figure as necessary. The stance taken was that in these cases the first reading available should be backdated to apply to all earlier years in the survey period, and thus be assigned a higher than usual weighting, while the remaining readings would retain their usual weighting. Eleven countries were missing a 2000 reading, so their 2005 reading was given a 7/13 weighting, with the subsequent readings weighted as normal; these countries were Belarus, Bosnia and Herzegovina (hereafter Bosnia-H.), Burkina Faso, the Former Yugoslav Republic of Macedonia (hereafter Macedonia), Georgia, Guinea, Guinea-Bissau, Lebanon, Nigeria, Uzbekistan and the entity recorded as West Bank and Gaza Strip (hereafter Palestine). Two countries were missing readings for 2000, 2005 and 2008, so their 2010 reading was given a 10/13 weighting, with the subsequent readings weighted as normal; these countries were Eritrea and Turkmenistan.

The research began from a basis that all countries that received development aid from the EU or the selected Member States during the MDG period, or that the model indicates should have received development aid during the MDG period, were eligible for inclusion in the survey. It then removed countries from this set only when it was justifiable to do so. The first of two justifiable reasons for removing countries was that some countries did not have any HDI figures in the 2014 HDI report to indicate their level of need. The second reason was that some countries have very low populations, and Section 4.3 covers the issue of population. Those countries that did receive development aid, but were removed as they lacked any indicative HDI figure were North Korea and Somalia. The removal of Somalia in particular is significant as that country faces many developmental challenges and is widely seen as the archetypal example of a failed state. The situation in Somalia has likely rendered the collection of economic and social statistics highly difficult and probably explains the absence of HDI figures for Somalia for the entire MDG period. Although Somalia does receive significant amounts of development aid, if it could be assigned an HDI figure, this would probably indicate the country to have a particularly high level of need, and the proportion of aid it receives to be insufficient. The absence of HDI figures for North Korea is probably the result of political issues which make it difficult to ascertain the developmental level of that country.

A particular issue of note is that four countries gained some form of independence during the MDG period, a complicated issue for this research; these entities are Timor-Leste, Montenegro, Kosovo, and South Sudan. Timor-Leste, while officially independent in 2002, was effectively self-governed from 1999, and has HDI, population and aid disbursement figures for the whole survey period; it is thus treated as a typical country in the sample. Montenegro seceded from Serbia in 2006 and has since received development aid disbursements, however it has been removed from the survey due to its low population; it is impractical to adjust Serbia's aid receipts from the 2001-2005 period to account for the presence of Montenegro, however it is reasonably assumed that only negligible amounts of the development aid given to Serbia in this period went to Montenegro. Kosovo declared

independence from Serbia in 2008 and its international status is disputed; for the purposes of this research Kosovo is included with Serbia, and the research notes that unit as Serbia (incl. Kosovo). This is not a political statement on the validity of Kosovo's independence, but rather is made necessary by the fact that although the two entities received separate development aid packets from 2009 onwards, they are assigned a combined HDI figure by the UN, and there is no means of ascertaining separate HDI figures for the two. Finally, South Sudan seceded from Sudan in 2011 and received its own development aid packet in the final two years of the survey period. For the purposes of this research, South Sudan is included with Sudan, as for the majority of the period it was part of Sudan and theoretically received aid from the same packet, and nonetheless does not yet have a separate HDI figure; the inclusion of South Sudan with Sudan is not a statement on the validity of its independence, but rather is done for the purposes of the research.

It is necessary to note that for expediency, a number of countries in the study are referred to by their shortened forms. In addition to those countries already noted earlier in this section, this applies to the following countries; the Democratic Republic of the Congo is referred to as DR Congo, the Central African Republic is referred to as CAR, Papua New Guinea is referred to as PNG, the Dominican Republic is referred to as Dominican Rep., and Trinidad and Tobago is referred to as Trinidad and T.

Finally, the inclusion of all countries that received development aid from the pertinent donors, or should have received development aid according to the model, during the 2001-2013 period, meant a number of countries that might not generally be considered as developing countries were included in the sample; this included a number of EU countries. Portugal was a Member State of the EU for the whole period, but has a relatively low HDI for an EU Member State, and is included as the model indicates it should have received development aid. Latvia joined the EU in 2004 and its HDI level also indicates that it should have received development aid during the period. Slovenia also joined the EU in 2004, and actually did receive development aid from EU in the early part of the survey period, although its HDI is sufficiently high that the model indicates that it should not have. Bulgaria and Romania joined the EU in 2007, around halfway through the MDG period, and, although neither did, their HDI levels indicate they should have received development aid. Finally, Croatia is presently an EU Member State, having joined in 2013, the final year of the survey period, and is included in the study as it received development aid funding for most of the MDG era. It is important to note that among the overall grouping of countries included in the survey, these countries have generally the lowest levels of need, and furthermore as EU Member States are eligible for different forms of funding through internal mechanisms.

The above issues all played a role in determining the final composition of countries in the study, and Figure 3 summarises the MDG era HDI figures derived for all those countries that were ultimately included in the study. Figure 4 displays the same information in map form, including the remaining EU Member States for comparative purposes. It uses the classifications from the HDI itself; the red countries are those with low levels of human development, the orange countries are those with medium levels of human development,

the green countries are those with high levels of human development, and the blue countries are those with very high levels of human development.

Country	MDG Era HDI Figure
Niger	0.298
DR Congo	0.300
Chad	0.331
Sierra Leone	0.332
CAR	0.334
Burundi	0.337
Mozambique	0.342
Burkina Faso	0.343
Ethiopia	0.357
Mali	0.361
Liberia	0.363
Guinea	0.374
Eritrea	0.374
Malawi	0.377
Guinea-Bissau	0.392
Afghanistan	0.404
Rwanda	0.406
Gambia	0.415
Cote d'Ivoire	0.418
Tanzania	0.429
Sudan	0.429
Benin	0.435
Uganda	0.437
Zimbabwe	0.438
Togo	0.447
Haiti	0.451
Senegal	0.453
PNG	0.453
Angola	0.454
Lesotho	0.455
Mauritania	0.458
Yemen	0.463
Cameroon	0.466
Myanmar	0.475
Madagascar	0.475
Nigeria	0.478
Zambia	0.485

Nepal	0.490
Kenya	0.491
Bangladesh	0.502
Pakistan	0.502
Swaziland	0.511
Laos	0.518
Ghana	0.526
Cambodia	0.531
Congo	0.532
India	0.534
Timor-Leste	0.537
Tajikistan	0.571
Morocco	0.572
Namibia	0.585
Nicaragua	0.585
Guatemala	0.586
Honduras	0.589
Vietnam	0.601
Kyrgyzstan	0.606
Botswana	0.623
Iraq	0.624
South Africa	0.629
Moldova	0.634
El Salvador	0.637
Uzbekistan	0.637
Mongolia	0.639
Philippines	0.639
Bolivia	0.640
Syria	0.641
Indonesia	0.644
Gabon	0.649
Paraguay	0.650
Egypt	0.652
China	0.654
Palestine	0.662
Dominican Rep.	0.672
Algeria	0.677
Colombia	0.684
Ecuador	0.686
Thailand	0.687
Albania	0.688
Turkmenistan	0.689

Tunisia	0.689
Armenia	0.694
Iran	0.695
Azerbaijan	0.695
Jamaica	0.697
Turkey	0.700
Peru	0.703
Ukraine	0.707
Macedonia	0.712
Sri Lanka	0.713
Brazil	0.713
Bosnia-H.	0.722
Georgia	0.722
Kazakhstan	0.724
Venezuela	0.725
Mauritius	0.726
Mexico	0.727
Jordan	0.730
Costa Rica	0.731
Serbia (incl. Kosovo)	0.731
Panama	0.736
Trinidad and T.	0.739
Oman	0.745
Malaysia	0.747
Bulgaria	0.749
Belarus	0.749
Lebanon	0.749
Russia	0.751
Romania	0.751
Uruguay	0.762
Libya	0.769
Argentina	0.774
Latvia	0.779
Croatia	0.783
Saudi Arabia	0.784
Chile	0.788
Cuba	0.789
Portugal	0.798
Slovenia	0.853

Figure 3: MDG Era HDI Figures

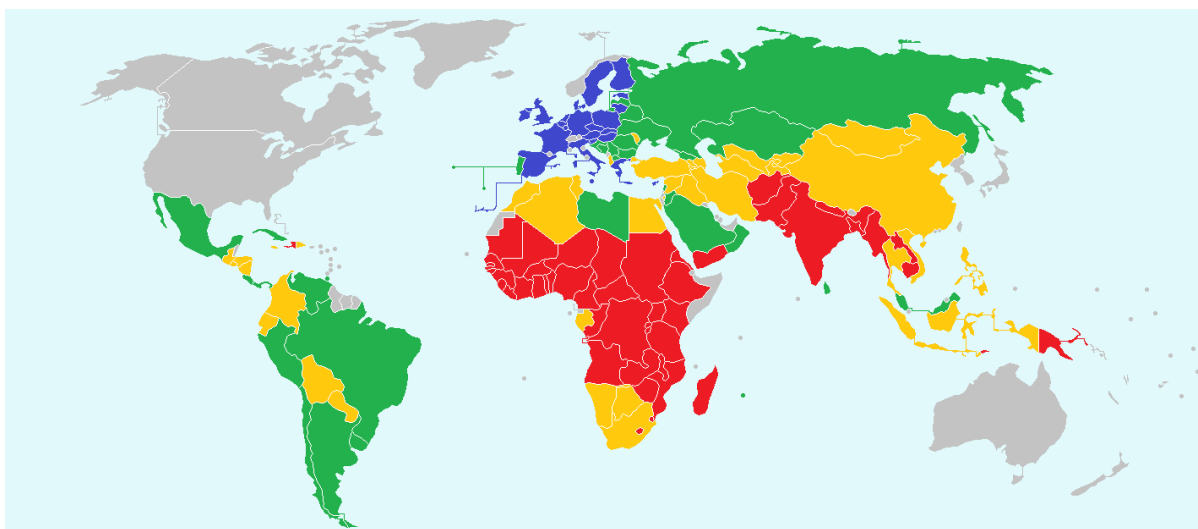


Figure 4: MDG Period HDI Map

Section 4.3 – The HDI-based Aid Allocation Model

The calculation of MDG period HDI figures overviewed in the previous section was the first step in creating the HDI-based aid allocation model. The other two steps in the process were the calculation of MDG period population figures for recipient countries, and the combining of the two input factors; these latter two steps are overviewed in this section.

It is standard to take population figures into account, to at least some degree, when determining how development aid should be distributed between different recipients; it is intuitive, for instance, that if two countries with comparable average development statuses have differing populations, the more populated country has a higher overall level of need. Thus, the model used in this research considers recipient state populations when determining how development aid should be distributed. Population figures were sourced from the UN, which annually produces population estimations and projections for each year in the entire 1950-2100 period.²⁰² For the purposes of this research, the estimations offered for each particular year in the survey period (2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012 and 2013) were averaged, with equal weightings, to create an MDG era population figure for each country included in the study. In this way, the population figures used in the research accurately reflect the average populations of recipient states during the survey period as a whole. These MDG era population figures, listed in millions, rounded to two decimal places, and ordered in size from largest to smallest, are listed in Figure 5.

²⁰² United Nations (2015). World Population Prospects: The 2015 Revision. Department of Economic and Social Affairs - Population Division. New York, United Nations.

It is important to note that countries and entities with very low populations, that could potentially have been included in the sample, were removed. These entities sometimes lack state status and official population and HDI figures, have different developmental needs driven mainly by their small size, and tend to receive very high amounts of development aid, when it is measured per capita. These factors mean they are somewhat incomparable to the other countries and entities in the international system, and nonetheless including them in the study could have potentially skewed results wildly and detracted from its usefulness. Thus it was determined to remove very small countries and entities from the sample and the benchmark for inclusion in the study was set at an MDG period average population of 1 million.

The states and other entities removed for this reason can be grouped into Caribbean entities, Pacific entities, and other entities and for completeness they are listed as follows. The Caribbean states and entities removed due to their small size were Anguilla, Antigua and Barbuda, Aruba, the Bahamas, Barbados, Belize, Bermuda, the Cayman Islands, Dominica, Grenada, Guyana, Montserrat, the Netherlands Antilles, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Suriname, the Turks and Caicos Islands, and the UK Virgin Islands. The Pacific states and entities removed due to their small size were the Cook Islands, Fiji, French Polynesia, Kiribati, the Marshall Islands, Micronesia, Nauru, New Caledonia, Niue, the Northern Marianas Islands, Palau, Samoa, the Solomon Islands, Tokelau, Tonga, Tuvalu, Vanuatu, and Wallis and Futuna. The other states and entities removed due to their small size were Bhutan, Cabo Verde, Comoros, Djibouti, Equatorial Guinea, the Falkland Islands, Gibraltar, Maldives, Mayotte, Montenegro, Saint Helena, Sao Tome and Principe, and the Seychelles. Finally, Malta, which joined the EU in 2004 and received development aid in the early part of the survey period, was also removed due to its small size. It is acknowledged that many of those entities excluded are signatories of the Cotonou Agreement, and thus there is value in investigating them, the development issues they face, and their relationship with the EU; nonetheless, their small size renders them unsuitable for use in this particular research project.

The MDG era population figures for those countries ultimately included in the study are listed in Figure 5.

Country	Pop.
China	1319.77
India	1178.13
Indonesia	232.52
Brazil	192.19
Pakistan	160.36
Nigeria	148.04
Bangladesh	146.11
Russia	143.77
Mexico	113.52
Philippines	88.79
Vietnam	85.97
Ethiopia	81.12
Egypt	77.98
Iran	71.83
Turkey	69.76
Thailand	65.95
DR Congo	60.29
Myanmar	50.65
South Africa	49.62
Ukraine	46.45
Colombia	44.29
Sudan	42.62
Tanzania	41.93
Argentina	39.98
Kenya	37.46
Algeria	34.51
Morocco	31.15
Uganda	30.21
Iraq	28.71
Peru	28.34
Venezuela	27.65
Uzbekistan	26.73
Malaysia	26.72
Saudi Arabia	26.08
Nepal	26.03
Afghanistan	25.72
Ghana	22.61
Mozambique	22.46
Yemen	21.79

Romania	20.93
Sri Lanka	19.77
Madagascar	19.45
Angola	19.30
Cameroon	19.16
Cote d'Ivoire	19.02
Syria	18.93
Chile	16.46
Kazakhstan	15.85
Niger	14.71
Burkina Faso	14.36
Ecuador	14.23
Mali	13.85
Guatemala	13.81
Cambodia	13.74
Malawi	13.64
Zimbabwe	13.48
Zambia	12.86
Senegal	12.00
Cuba	11.27
Chad	10.82
Portugal	10.49
Tunisia	10.34
Guinea	10.28
Belarus	9.61
Rwanda	9.59
Haiti	9.56
Dominican Rep.	9.50
Bolivia	9.44
Serbia (incl. Kosovo)	9.14
Azerbaijan	8.80
Benin	8.72
Burundi	8.59
Bulgaria	7.58
Tajikistan	7.14
Honduras	7.12
PNG	6.40
El Salvador	5.98
Laos	5.97

Libya	5.96
Paraguay	5.95
Togo	5.92
Jordan	5.88
Nicaragua	5.52
Sierra Leone	5.30
Kyrgyzstan	5.29
Turkmenistan	4.87
Georgia	4.39
Eritrea	4.37
Costa Rica	4.36
Croatia	4.35
CAR	4.22
Lebanon	4.15
Moldova	4.13
Bosnia-H.	3.83
Palestine	3.80
Congo	3.75
Liberia	3.58
Panama	3.44
Uruguay	3.35
Mauritania	3.33
Albania	3.00
Armenia	3.00
Oman	2.78
Jamaica	2.70
Mongolia	2.61
Latvia	2.17
Namibia	2.11
Macedonia	2.05
Slovenia	2.02
Lesotho	1.96
Botswana	1.95
Gambia	1.55
Guinea-Bissau	1.54
Gabon	1.45
Trinidad and T.	1.31
Mauritius	1.23
Swaziland	1.15
Timor-Leste	1.01

Figure 5: MDG Era Population Figures (in millions)

The final step in creating the model involved combining the MDG era HDI figures with the MDG era population figures. The first part of this constituted an adjustment of the MDG era HDI figures. The HDI is constructed on a scale from 0 to 1 and classifies countries as belonging to one of four groups; countries with an HDI reading of lower than 0.55 are considered to have low levels of human development, those with a reading of between 0.55 and 0.7 to have medium levels of human development, those whose reading lies between 0.7 and 0.8 to have high levels of human development, and finally those countries with a reading above 0.8 are considered to have very high levels of human development. It was adjudged that countries with very high levels of human development should not be recipients of development aid, and that the further a state is from reaching the status of very high human development, the greater their level of need.

The comparative distances of recipients from the 0.8 benchmark were combined with their populations to generate a recommended development aid allocation for each of them. At this point the MDG era HDI figure for Slovenia was adjusted to 0.8 exactly, as it had received development aid so was included in the sample, yet had on average a very high level of human development; this adjustment ensured that particular anomaly did not impact on the overall calculations. The recommended aid allocation for each recipient was then converted to a proportion, so therefore the final reading provided by the model shows the percentage of the overall development aid packet that each recipient could reasonably expect to receive based on its level of need. Because the model recommends percentages it can be applied regardless of the overall absolute amount of development aid funding, and can also be adapted to different sample sets of recipients.

The HDI-based aid allocation model introduced in this research can be mathematically notarised as:

$$[(0.8 - H) * P / T] * 100$$

In the above equation H represents the MDG era HDI figure, P represents the MDG era population figure and T represents the sum of the $(0.8-H)*P$ working figures for all countries in the sample. The percentages of the overall development aid packet that the model recommends be disbursed to each country in the sample are displayed in Figure 6; they are rounded to three decimal places and ordered from the largest to the smallest.

Country	% Rec.
India	27.323
China	16.800
Pakistan	4.166
Nigeria	4.156
Bangladesh	3.796
Indonesia	3.163
Ethiopia	3.133
DR Congo	2.628
Vietnam	1.492
Brazil	1.458
Myanmar	1.435
Sudan	1.379
Tanzania	1.356
Philippines	1.246
Kenya	1.009
Egypt	1.006
Uganda	0.956
Mozambique	0.897
Afghanistan	0.888
South Africa	0.740
Mexico	0.723
Nepal	0.704
Iran	0.658
Thailand	0.650
Niger	0.644
Yemen	0.640
Cote d'Ivoire	0.633
Morocco	0.619
Russia	0.614
Turkey	0.608
Angola	0.582
Burkina Faso	0.572
Cameroon	0.558
Madagascar	0.551
Ghana	0.540
Mali	0.530
Malawi	0.503
Colombia	0.448

Chad	0.443
Iraq	0.441
Zimbabwe	0.425
Guinea	0.382
Uzbekistan	0.380
Ukraine	0.377
Algeria	0.370
Senegal	0.363
Zambia	0.353
Burundi	0.347
Rwanda	0.329
Cambodia	0.322
Haiti	0.291
Benin	0.278
Syria	0.262
Guatemala	0.258
Peru	0.240
Sierra Leone	0.216
PNG	0.194
Togo	0.182
Venezuela	0.181
CAR	0.172
Eritrea	0.162
Sri Lanka	0.150
Laos	0.147
Tajikistan	0.143
Ecuador	0.141
Liberia	0.136
Bolivia	0.132
Honduras	0.131
Malaysia	0.123
Dominican Rep.	0.106
Kazakhstan	0.105
Nicaragua	0.104
Tunisia	0.100
Mauritania	0.099
Argentina	0.091
Kyrgyzstan	0.089
Romania	0.089
Congo	0.088
El Salvador	0.085

Azerbaijan	0.081
Paraguay	0.078
Moldova	0.060
Lesotho	0.059
Serbia (incl. Kosovo)	0.055
Guinea-Bissau	0.055
Gambia	0.052
Turkmenistan	0.047
Palestine	0.046
Belarus	0.043
Namibia	0.039
Mongolia	0.037
Saudi Arabia	0.036
Jordan	0.036
Bulgaria	0.034
Botswana	0.030
Georgia	0.030
Albania	0.029
Swaziland	0.029
Armenia	0.028
Costa Rica	0.026
Bosnia-H.	0.026
Jamaica	0.024
Timor-Leste	0.023
Panama	0.019
Gabon	0.019
Lebanon	0.018
Chile	0.017
Libya	0.016
Macedonia	0.016
Oman	0.013
Uruguay	0.011
Cuba	0.011
Mauritius	0.008
Trinidad and T.	0.007
Croatia	0.006
Latvia	0.004
Portugal	0.002
Slovenia	0.000

Figure 6: Percentage of Aid Recommended by HDI-based Allocation Model

Section 4.4 – Actual Development Aid Disbursements

In order to compare the distribution proposed by the HDI-based aid allocation model against actual development aid distributions, it was necessary to establish how much aid recipient countries actually received during the survey period. The data for development aid disbursements was sourced from an online database managed by the Development Assistance Committee of the Organisation for Economic Co-operation and Development (OECD).²⁰³ Data from the Development Assistance Committee of the OECD is commonly used in development studies as it is generally seen as thorough, reliable and accessible. The database contained figures for net development aid disbursements from the EU and the three selected Member States, France, Germany and the United Kingdom (UK), to all recipients for each year included in the survey period.

As stated earlier, every country that received development aid from the EU or the key Member States during the MDG era was originally eligible for inclusion in the study, before some countries were removed for justifiable reasons. Similarly, all development aid disbursed was originally considered eligible for inclusion, however there were clear justifiable reasons to remove some of the disbursements, as not all development aid is disbursed to specific recipient states. The five categories of recipients that had to be removed from the study were; multilateral recipients, the EU itself (its own development aid budget is sourced from the development aid budgets of the Member States), regional organisations, unspecified countries, and states unsuitable for the study. These categories of recipient received part of the overall development aid budget of the donors examined, and while their respective proportions, summarised in Figure 7, had to be removed from the study, they nonetheless offer points of interest.

Multilateral recipients are generally departments of international organisations such as the UN or the World Bank; the EU gives a notably smaller proportion of its development aid budget to multilateral recipients than the Member States, possibly because it is considered itself to be something of a multilateral actor. It is also notable that the UK gives a significantly higher proportion of its aid to multilateral recipients than France and Germany. The EU development aid budget is funded by the Member States, who each give a significant proportion of their own budgets to the EU; nonetheless, it is notable that the Member States distribute the clear majority of their budgets themselves, rather than assigning this responsibility to the EU. Also, France and Germany give a significantly higher proportion of their funding to the EU than does the UK, possibly reflecting a greater commitment to European integration. Regarding regional organisations, the EU gives a higher proportion of its aid budget to this type of recipient than the Member States, possibly due to a desire to gradually reshape the international system in its own image, by strengthening regional organisations in other parts of the world.

²⁰³ Organisation for Economic Co-operation and Development (2015). Organisation for Economic Co-operation and Development Query Wizard for International Development Statistics: These data are an excerpt from Aid Disbursements to Countries and Regions (Dac2a). Development Assistance Committee. Paris, OECD.

The unspecified countries category includes two lines in the database, unspecified developing countries, and unspecified ex-Yugoslav states. It is somewhat concerning from a transparency perspective that some development aid goes to unspecified countries, however it is theoretically possible that there are legitimate reasons for this. The proportion of its aid budget the EU gives to unspecified countries is comparable to those of the Member States, with the exception of the UK, which has a surprisingly high figure for this category. As expected, the category including recipients unsuitable for the study is the least significant of those examined here; the recipient from this category that receives the largest amount of EU funding is Somalia. France has the highest figure in this category, and this is explained by the very large amount of development aid funding it gave to Mayotte during the MDG period; Mayotte is a small French dependency removed from the survey due to its low population, that if included would have been ranked fourth among recipients of French development aid. Finally, the total proportion of the categories of recipients removed from the study is around 25% for the EU, which means that about three quarters of the overall EU development aid budget is included in the study. The figures for the key Member States are significantly lower, and this is explained mainly by the proportions of their development aid they give to multilateral recipients and the EU itself.

	EU	France	Germany	UK
Multilateral Recipients	3.73	14.67	15.42	21.05
EU Institutions	0	20.42	21.10	15.08
Regional Organisations	9.20	5.89	6.87	2.86
Unspecified Countries	9.51	8.17	10.37	16.66
Recipients Unsuitable for Study	2.87	4.23	0.17	1.18
Total Aid to Suitable States	74.7	46.62	46.07	43.16

Figure 7: Categories of Development Aid Recipient (% of total aid budget)

Following the removal of those development aid disbursements that did not go to specific recipient countries suitable for the study, the total amount and proportion of development aid disbursed to each specific recipient from each specific donor could be ascertained. Figure 8 shows the total amount of development aid given to each recipient by the EU during the MDG era, as defined by this research; the figures are given in millions (United States dollars at 2015 prices, as with all monetary figures used henceforth), rounded to the nearest one, and listed in order from largest to smallest. The table does not include all those countries included in the survey, but rather all those recipients in the study that received a non-negligible amount of development aid from the EU, defined as more than 1 million per year on average during the MDG period. Listing the recipients in this manner highlights those countries that were the leading recipients of EU development aid during the MDG era, and they appear to be clustered around the EU itself. It is also notable that the EU disburses development aid to a larger group of recipient countries overall than the key Member States.

The total amounts of development aid disbursed to each recipient by the three key Member States being used for comparative purposes, France, Germany and the UK, are also displayed in this section. Figure 9 shows the data for France, Figure 10 shows the data for Germany, and Figure 11 shows the data for the UK. Again, these figures are in millions, rounded to the nearest one, and listed in order from largest to smallest; also, recipients are only included in the table of a specific donor if they received a non-negligible amount of development aid from that particular donor. The leading recipients of development aid vary significantly between the three Member State donors. Only three countries appear in the top 10 recipients for all of them; these are DR Congo, Iraq and Nigeria. The leading recipients of aid from the UK and Germany are split reasonably evenly between Africa and Asia, while the leading recipients of aid from France are clustered in Africa. Although the colonial or special relationship bias is not being tested in this research, it is interesting to note France and the UK have a number of their respective former colonies among their leading recipients. Also, Germany distributes its development aid among the largest group of recipients overall, while the UK distributes its development aid among the smallest group, and in particular gives little aid to Latin American countries. Finally, the aid disbursement figures for the Member States are different in a number of ways to that of the EU itself.

The figures displayed in these tables show the actual amount of development aid recipient countries received during the MDG era from each of the relevant donors, and thus allow for comparisons with the model to be made in the following chapter.

Country	Total
Turkey	11770.61
Serbia (incl. Kosovo)	6843.41
Palestine	4376.83
Morocco	3886.19
Afghanistan	3294.42
DR Congo	2793.96
Ethiopia	2634.06
Tunisia	2551.41
Sudan	2558.13
Egypt	2370.10
South Africa	2157.60
Bosnia-H.	2030.74
Mozambique	2023.12
Tanzania	1941.11
Ukraine	1748.36
Burkina Faso	1687.16
Mali	1613.54
Uganda	1530.04
India	1497.78
Niger	1414.24
Bangladesh	1412.13
Kenya	1373.78
Pakistan	1254.00
Haiti	1242.10
Zambia	1236.12
Georgia	1228.21
Malawi	1226.00
Madagascar	1196.14
Chad	1139.98
Jordan	1134.10
Lebanon	1074.93
Indonesia	1071.57
Rwanda	1055.36
Burundi	1038.02

Nigeria	1020.46
Ghana	1002.83
Benin	983.90
Senegal	972.00
Moldova	966.42
Cote d'Ivoire	963.98
Albania	930.03
Iraq	909.53
China	891.66
Sierra Leone	826.22
Macedonia	800.02
Algeria	791.91
Cameroon	783.13
Mauritania	780.51
Croatia	772.65
Zimbabwe	735.13
Brazil	687.20
Bolivia	676.32
Syria	656.18
Angola	651.33
Vietnam	647.67
Nicaragua	641.62
Liberia	636.52
Dominican Rep.	606.65
Jamaica	586.76
Colombia	583.41
Mauritius	574.52
Honduras	524.95
Sri Lanka	511.60
Peru	506.83
Guinea	466.21
CAR	457.40
Armenia	450.10
Myanmar	446.67
Yemen	417.82
Cambodia	405.36
Philippines	396.29

Guatemala	395.54
El Salvador	379.28
Ecuador	372.33
Nepal	358.69
Tajikistan	352.49
Lesotho	350.04
Guinea-Bissau	347.70
Argentina	346.62
Congo	334.94
Eritrea	312.16
Togo	309.15
Kyrgyzstan	291.11
Namibia	280.75
Timor-Leste	276.13
Thailand	271.12
Azerbaijan	238.64
Chile	226.49
PNG	221.62
Botswana	212.29
Paraguay	203.49
Swaziland	194.67
Slovenia	172.77
Laos	170.31
Gambia	152.96
Kazakhstan	149.04
Libya	148.86
Gabon	144.64
Belarus	126.78
Venezuela	125.89
Mexico	125.69
Cuba	102.34
Uzbekistan	98.54
Uruguay	95.02
Iran	70.07
Mongolia	68.47
Costa Rica	58.86
Panama	41.54
Turkmenistan	38.10

Figure 8: EU Total MDG Era Development Aid Disbursements to Recipient Countries (in millions)

Country	Total				
Cote d'Ivoire	4323.08	Haiti	584.96	Costa Rica	93.98
Morocco	3829.41	Serbia (incl. Kosovo)	557.23	Venezuela	83.74
Nigeria	3594.22	Chad	538.80	Rwanda	82.56
DR Congo	2795.67	Mauritania	484.61	Libya	82.55
Congo	2730.09	Ghana	474.64	Armenia	81.87
Senegal	2615.59	Afghanistan	412.05	Uganda	81.65
Iraq	2570.73	Mauritius	400.13	Georgia	81.14
China	2313.77	Indonesia	397.38	Honduras	80.12
Cameroon	2149.97	Gabon	391.80	Moldova	69.40
Tunisia	1990.15	Cambodia	359.09	Namibia	67.31
Vietnam	1839.62	CAR	351.16	Guinea-Bissau	63.29
Madagascar	1541.62	Dominican Rep.	312.62	Yemen	59.48
Algeria	1530.79	Jordan	303.50	Sierra Leone	59.02
Brazil	1445.26	Syria	301.02	Zimbabwe	58.11
Egypt	1435.14	Liberia	271.01	Albania	57.73
Mali	1085.73	Ethiopia	261.97	Ecuador	51.92
Mexico	1085.03	Laos	252.47	Bosnia-H.	44.27
Burkina Faso	1062.52	Tanzania	244.57	El Salvador	42.12
Lebanon	1054.77	Pakistan	227.29	Kazakhstan	37.67
Niger	1030.30	Zambia	215.99	Macedonia	37.51
Turkey	977.20	Bolivia	198.54	Cuba	36.42
South Africa	908.96	Burundi	187.10	Guatemala	36.25
Colombia	823.75	Iran	172.15	Saudi Arabia	35.48
Kenya	721.00	Ukraine	161.46	Mongolia	34.51
Guinea	671.89	Argentina	161.26	Uzbekistan	33.25
Mozambique	657.33	Chile	140.26	Croatia	32.75
Benin	641.93	Sri Lanka	136.74	Belarus	28.19
Palestine	625.00	Sudan	132.62	Uruguay	28.11
Myanmar	608.02	Peru	113.53	Botswana	27.85
Togo	594.25	Philippines	111.60	Tajikistan	24.89
		Nicaragua	108.71	Eritrea	18.71
		Azerbaijan	98.37	Trinidad and T.	14.52
				Malawi	13.91

Figure 9: France Total MDG Era Development Aid Disbursements to Recipient Countries (in millions)

Country	Total				
Iraq	6624.87	Uganda	579.27	Sri Lanka	241.39
China	3877.97	Iran	570.68	Burundi	232.29
Afghanistan	3432.96	Liberia	550.10	Guatemala	225.22
Nigeria	3218.31	Sudan	517.16	Congo	224.41
Cameroon	2394.77	Mali	510.43	Argentina	215.45
India	2087.90	Jordan	504.02	Azerbaijan	205.39
Serbia (incl. Kosovo)	1823.50	Burkina Faso	493.86	Guinea	202.61
DR Congo	1778.38	Botswana	472.96	El Salvador	194.26
Egypt	1647.05	Benin	457.74	Sierra Leone	191.17
Brazil	1520.97	Albania	433.22	Mauritania	182.96
Vietnam	1173.89	Cote d'Ivoire	428.22	Madagascar	176.39
Ethiopia	1021.74	Colombia	422.11	Togo	167.20
Zambia	1017.52	Chile	407.32	Haiti	160.34
Tanzania	977.92	Bosnia-H.	396.16	Belarus	156.85
Palestine	963.84	Philippines	392.75	Kazakhstan	156.10
Kenya	957.07	Mongolia	390.40	Costa Rica	131.99
Pakistan	927.54	Indonesia	381.59	Angola	130.45
Mozambique	924.08	Namibia	379.57	Moldova	111.69
South Africa	844.64	Cambodia	379.12	Malaysia	109.68
Yemen	797.03	Malawi	373.68	Myanmar	100.41
Peru	780.42	Tunisia	346.48	Dominican Rep.	88.86
Ghana	774.76	Rwanda	340.67	Croatia	81.08
Morocco	738.53	Senegal	333.62	Timor-Leste	72.04
Bangladesh	704.23	Zimbabwe	330.19	Lesotho	71.32
Ukraine	699.96	Armenia	328.41	Venezuela	70.38
Georgia	696.84	Macedonia	309.92	Paraguay	64.60
Nicaragua	693.69	Ecuador	303.36	CAR	63.18
Syria	655.97	Lebanon	302.56	Turkey	58.51
Nepal	646.31	Uzbekistan	298.44	Libya	50.97
Bolivia	631.23	Niger	287.01	Algeria	40.54
Mexico	580.03	Laos	277.14	Cuba	39.51
		Chad	276.97	Eritrea	39.28
		Kyrgyzstan	273.74	PNG	19.35
		Honduras	254.89	Turkmenistan	16.95
		Tajikistan	247.20	Gambia	14.30

Figure 10: Germany Total MDG Era Development Aid Disbursements to Recipient Countries (in millions)

Figure 11: UK Total MDG Era Development Aid Disbursements to Recipient Countries (in millions)

Country	Total				
Nigeria	7416.96	Kyrgyzstan	110.38	Iran	16.92
India	5887.33	Cote d'Ivoire	100.30	Croatia	16.03
Ethiopia	3304.44	Bosnia-H.	98.83	Mali	15.90
Afghanistan	3294.08	Tajikistan	89.71	Uzbekistan	14.81
Bangladesh	3163.02	Congo	89.43	Botswana	13.95
Tanzania	2924.28	Colombia	82.99	Azerbaijan	13.82
Iraq	2824.95	Haiti	77.44	Mongolia	13.67
Pakistan	2697.96	Jordan	74.30		
DR Congo	2218.85	Georgia	73.55		
Sudan	2217.79	Lesotho	73.45		
Ghana	1910.43	Honduras	73.08		
Malawi	1631.41	Tunisia	70.46		
Uganda	1560.06	Nicaragua	69.13		
Mozambique	1454.60	Eritrea	67.68		
Kenya	1421.66	Gambia	66.01		
Zambia	1243.82	Madagascar	63.25		
Zimbabwe	1116.16	Guatemala	62.54		
Rwanda	1100.62	Libya	62.12		
Nepal	1087.57	Moldova	58.96		
Sierra Leone	975.75	Senegal	56.82		
China	934.42	Lebanon	48.60		
Serbia (incl. Kosovo)	885.93	Ukraine	47.04		
Vietnam	883.39	Armenia	46.96		
Palestine	740.79	Timor-Leste	45.18		
South Africa	648.96	Malaysia	43.99		
Indonesia	560.69	Niger	43.73		
Myanmar	518.97	Mauritius	41.67		
Yemen	494.33	Albania	41.57		
Cameroon	328.51	Mexico	41.44		
Syria	287.50	Chad	41.15		
Brazil	263.91	Macedonia	36.91		
Cambodia	260.92	Morocco	34.31		
Egypt	238.85	Philippines	33.40		
Liberia	213.47	Kazakhstan	31.56		
Burundi	147.11	Turkey	30.67		
Jamaica	137.51	Mauritania	26.47		
Sri Lanka	119.61	Togo	24.88		
Angola	116.14	Benin	24.11		
		Guinea	23.29		
		CAR	20.22		
		Algeria	19.22		
		Namibia	17.99		
		Burkina Faso	17.61		

CHAPTER FIVE

Section 5.1 – Geographic and Population Size Biases

The actual development aid distributions displayed in the previous chapter can be compared with the HDI-based aid allocation model in any number of ways. Initial observations of European Union (EU) development aid disbursements in the era of the Millennium Development Goals (MDGs) show two obvious biases that are necessary to acknowledge, as they clearly play an important role in determining the overall distribution of EU development aid funding. These are a geographic bias and a population size bias, and both are overviewed in this section.

Breaking the recipient countries into geographic groupings, and comparing the proportion of development aid the grouping actually received in the MDG era against the proportion the model predicted it should receive, clearly illustrates the role that geographic factors play. As stated in Section 3.7, the EU disburses its development aid funding through four geography-based funding instruments, and this structure allows for geographic comparisons to be made. Figure 12 displays the particular recipient countries that make up each geographic grouping, for the purposes of this comparison. The first grouping is the Enlargement Area, and those current EU Member States that were included in the study have been added to this group. The second grouping is the neighbourhood countries. The third group is those countries belonging to the African, Caribbean and Pacific Group of States (ACP) funded mainly through the European Development Fund (EDF); this group is labelled Africa-CP, to account for the absence of most Caribbean and Pacific entities from the study due to their small size, and thus the strongly African character of the group overall. The final group is titled Rest of World, and is generally made up of those Asian and Latin American countries funded through the Development Cooperation Instrument (DCI). Figure 13 displays the information in map form; the light blue countries are the Enlargement Area, the purple countries are the Neighbourhood, the green countries are the Africa-CP group, the orange countries are the Rest of World group, and the dark blue countries are the remaining EU Member States.

Figure 14 displays in graphical form the actual proportion of EU development aid received by each group compared with that recommended by the model. Meanwhile, for comparative purposes, Figure 15 displays, in similar fashion, the model recommendations for each group against the actual proportions they received from the key Member States of France, Germany, and the United Kingdom (UK).

As shown in Figure 14, the proportions of its development aid packet disbursed by the EU to the Enlargement Area and Neighbourhood regions far exceed those recommended by the model. While the model suggests that these regions combined should receive around 4% of development aid based on their level of need, in reality the EU gives them around 40%; the prioritisation of these groups by the EU is sufficiently significant to constitute a clear geographic bias. The Africa-CP group, possibly due to the longstanding institutional relationship it has with the EU through the Cotonou Agreement and its predecessors, also

Figure 12: Recipient Geographic Groupings

Enlargement Area

Albania
Bosnia-H.
Bulgaria

Croatia
Latvia
Macedonia

Portugal
Romania
Slovenia

Serbia (incl. Kosovo)
Turkey

Neighbourhood

Algeria
Armenia
Azerbaijan
Belarus

Egypt
Georgia
Jordan
Lebanon

Libya
Moldova
Morocco
Palestine

Syria
Tunisia
Ukraine

Africa-CP

Angola
Benin
Botswana
Burkina Faso
Burundi
Cameroon
CAR
Chad
Congo
Cote d'Ivoire
Dominican Rep.
DR Congo

Eritrea
Ethiopia
Gabon
Gambia
Ghana
Guinea
Guinea-Bissau
Haiti
Jamaica
Kenya
Lesotho
Liberia

Madagascar
Malawi
Mali
Mauritania
Mauritius
Mozambique
Namibia
Niger
Nigeria
PNG
Rwanda
Senegal

Sierra Leone
South Africa
Sudan
Swaziland
Tanzania
Timor-Leste
Togo
Trinidad and T.
Uganda
Zambia
Zimbabwe

Rest of World

Afghanistan
Argentina
Bangladesh
Bolivia
Brazil
Cambodia
Chile
China
Colombia
Costa Rica
Cuba
Ecuador

El Salvador
Guatemala
Honduras
India
Indonesia
Iran
Iraq
Kazakhstan
Kyrgyzstan
Laos
Malaysia
Mexico

Mongolia
Myanmar
Nepal
Nicaragua
Oman
Pakistan
Panama
Paraguay
Peru
Philippines
Russia
Saudi Arabia

Sri Lanka
Tajikistan
Thailand
Turkmenistan
Uruguay
Uzbekistan
Venezuela
Vietnam
Yemen

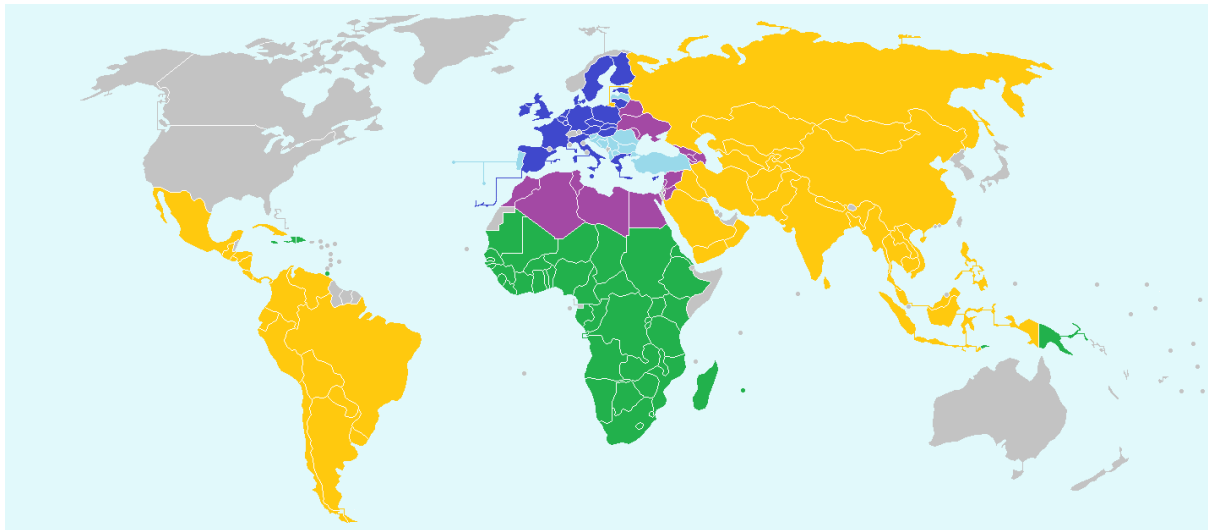


Figure 13: Geographic Funding Groups Map

receives a larger share of aid from the EU than the model recommends. Meanwhile, the Rest of World group receives a massively smaller share of the overall packet of EU development aid funding than that recommended by the model. It is interesting to note that the EU development aid appears to be split into fifths, with the Africa-CP group being given two-fifths, and the other three groups being given one fifth. This is probably coincidental but nonetheless shows that factors other than need appear to play a significant role in determining the overall distribution of EU development aid.

Figure 14: Percentage of EU Development Aid Disbursed to Geographic Groupings in MDG Era

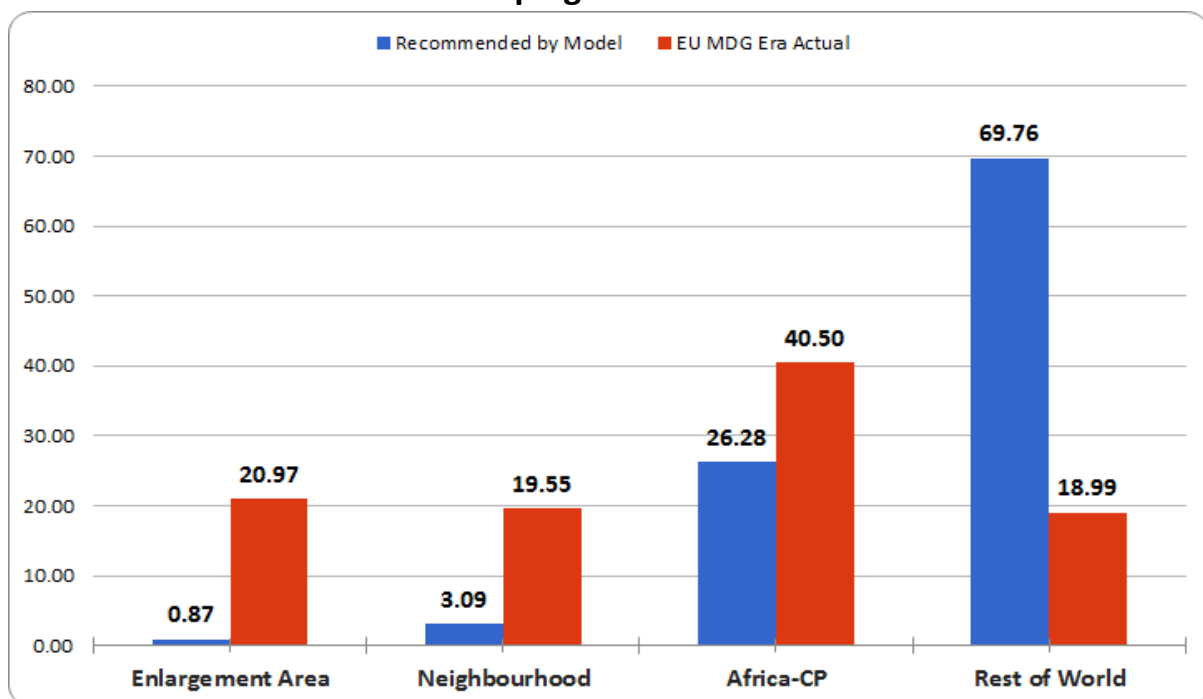
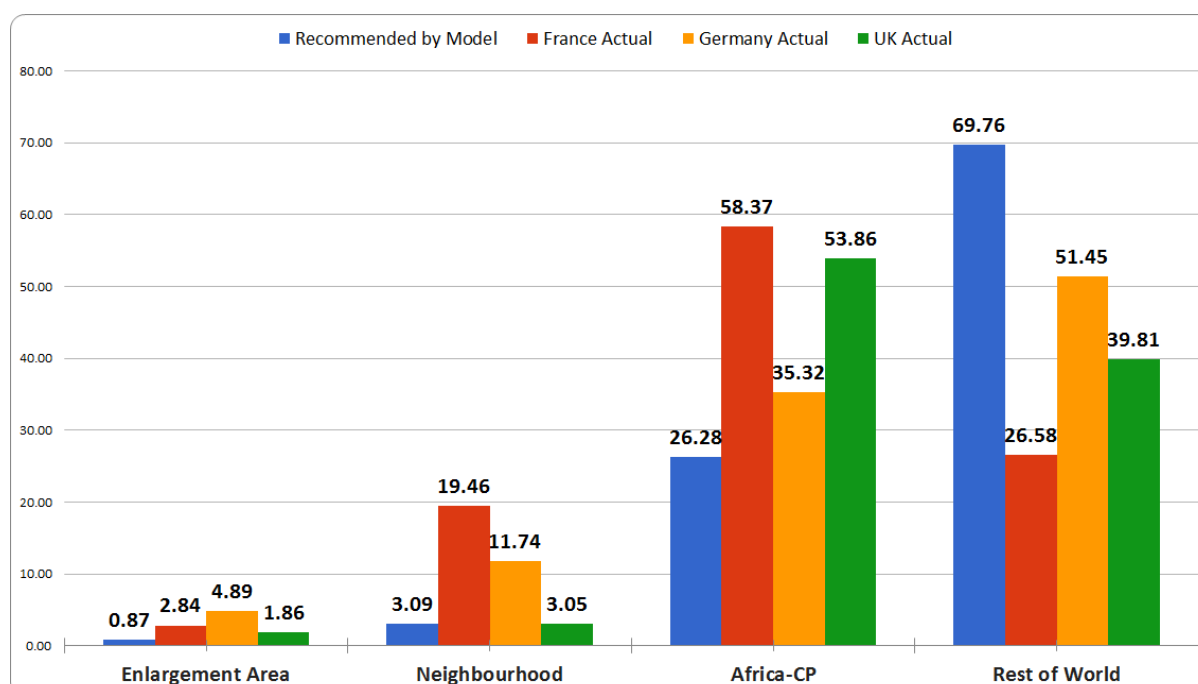


Figure 15: Percentage of Key Member State Development Aid Disbursed to Geographic Groupings in MDG Era



The comparison with the Member States, whose data is shown in Figure 15, offers some points of interest. Firstly, although the Member States did give more development aid to the Enlargement Agenda area than that recommended by the model, their proportions are much lower than that of the EU, and it is reasonable to say that they do not share the strong EU bias towards the grouping. This possibly reflects a belief that they have delegated or assigned the Enlargement Agenda countries to the EU. Regarding the Neighbourhood, the Member States diverge; France exhibits a similarly strong bias towards the neighbourhood as the EU, while the UK does not have a Neighbourhood bias, and Germany occupies a middle position. As with the EU, all three key Member States gave a greater proportion of their development aid to the Africa-CP group than that recommended by the model; France and the UK gave a significantly higher proportion of their aid to this this grouping than Germany and the EU. The Rest of World grouping appears underfunded by the Member States when compared with the model recommendations, however the Member States gave a greater proportion of their aid to this group than the EU, and thus are closer to the model recommendation, with Germany being the closest of the three. Overall, the funding from the Member States appears less balanced between the four geographic groupings than the funding from the EU; this could be due to the relatively low levels of need in the Enlargement Agenda and Neighbourhood groups, and shows that the Member States appear to be less influenced by a geographic bias towards those regions than the EU. Finally, it is notable that the EU, France and the UK gave Africa-CP the highest share of their development aid of the four groupings, while Germany gave the Rest of World group the highest share of its aid.

The second clear bias in the development aid allocation of the EU is a population size bias against larger countries. A bias towards smaller countries is considered something of a standard feature in development aid allocations and is not unique to the EU, however the significant role it plays must be acknowledged. While the small country bias has traditionally not been particularly controversial, the issue of the high absolute numbers of poor people living in large countries that on average are not among the poorest, is gaining increasing prominence. With regards to the development aid distributions of the EU and the key Member States, this bias can be illustrated by breaking the recipients into population size groups and comparing the overall proportion of development aid actually received by each grouping in the MDG era against that recommended by the model. The countries in the study have been broken into three population size groups in a manner often practiced by the United Nations (UN). Those recipients with a population of between 1 and 10 million are classified as small countries, those with a population of between 10 and 50 million are classified as medium countries, and those with a population of greater than 50 million are classified as large countries. Figure 16 displays the recipient countries in these population-based groupings.

The actual proportion of EU development aid received by each population size group in the MDG era is compared with that recommended by the model in Figure 17. Meanwhile, Figure 18 displays the model recommendation with the actual proportions allocated by the Member States to each group, for comparative purposes.

Figure 17 clearly shows the EU's development aid allocation to be affected by the population size of recipients. Rather than a small country bias, the issue in this case is probably better characterised as an anti-large country bias. Overall the large countries group received a massively smaller proportion of EU development aid disbursements than recommended by the model during the MDG era. By contrast, the medium countries and small countries both received a notably higher proportion of EU development aid than that suggested by the model. As shown in Figure 18, similar conclusions can be reached for the development aid allocations of the key Member States; each gave small and medium countries more development aid than recommended by the model, and large countries less. Based on these figures, the EU appears to more strongly prioritise small countries, and exhibit a stronger anti-large country bias than the Member States; the EU gives a lower proportion of its development aid to large countries, a lower proportion of its development aid to medium countries, and a notably higher proportion of its development aid to small countries, than the Member States. Also, it is notable that the UK appears to be less influenced by the anti-large country bias than France and Germany; the UK gives the lowest proportion of the four donors examined to small countries, and the highest proportion of the four donors examined to large countries.

Figure 16: Recipient Population Size Groupings

Small Countries (1-10 million population)

Albania	Dominican Rep.	Lebanon	Paraguay
Armenia	El Salvador	Lesotho	PNG
Azerbaijan	Eritrea	Liberia	Rwanda
Belarus	Gabon	Libya	Serbia (incl. Kosovo)
Benin	Gambia	Macedonia	Sierra Leone
Bolivia	Georgia	Mauritania	Slovenia
Bosnia-H.	Guinea-Bissau	Mauritius	Swaziland
Botswana	Haiti	Moldova	Tajikistan
Bulgaria	Honduras	Mongolia	Timor-Leste
Burundi	Jamaica	Namibia	Togo
CAR	Jordan	Nicaragua	Trinidad and T.
Congo	Kyrgyzstan	Oman	Turkmenistan
Costa Rica	Laos	Palestine	Uruguay
Croatia	Latvia	Panama	

Medium Countries (10-50 million population)

Afghanistan	Ecuador	Mozambique	Tanzania
Algeria	Ghana	Nepal	Tunisia
Angola	Guatemala	Niger	Uganda
Argentina	Guinea	Peru	Ukraine
Burkina Faso	Iraq	Portugal	Uzbekistan
Cambodia	Kazakhstan	Romania	Venezuela
Cameroon	Kenya	Saudi Arabia	Yemen
Chad	Madagascar	Senegal	Zambia
Chile	Malawi	South Africa	Zimbabwe
Colombia	Malaysia	Sri Lanka	
Cote d'Ivoire	Mali	Sudan	
Cuba	Morocco	Syria	

Large Countries (Over 50 million population)

Bangladesh	Ethiopia	Myanmar	Thailand
Brazil	India	Nigeria	Turkey
China	Indonesia	Pakistan	Vietnam
DR Congo	Iran	Philippines	
Egypt	Mexico	Russia	

Figure 17: Percentage of EU Development Aid Disbursed to Population Size Groupings in MDG Era

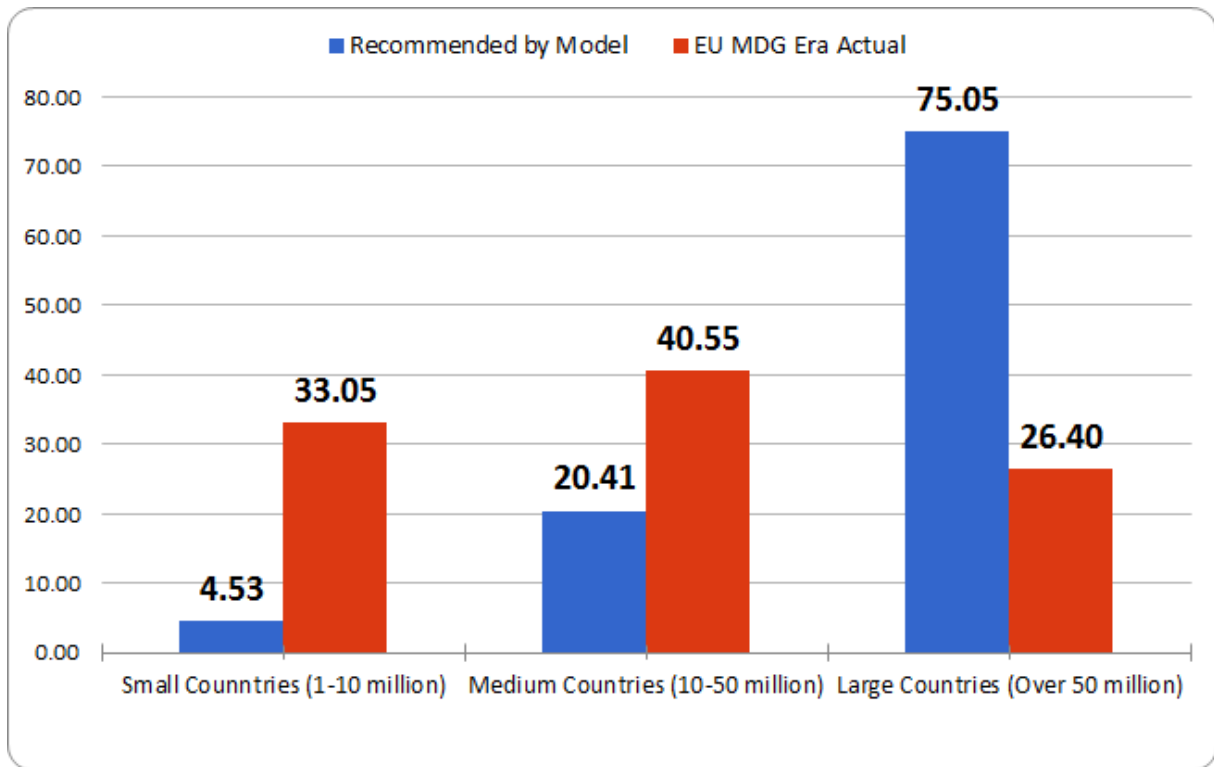
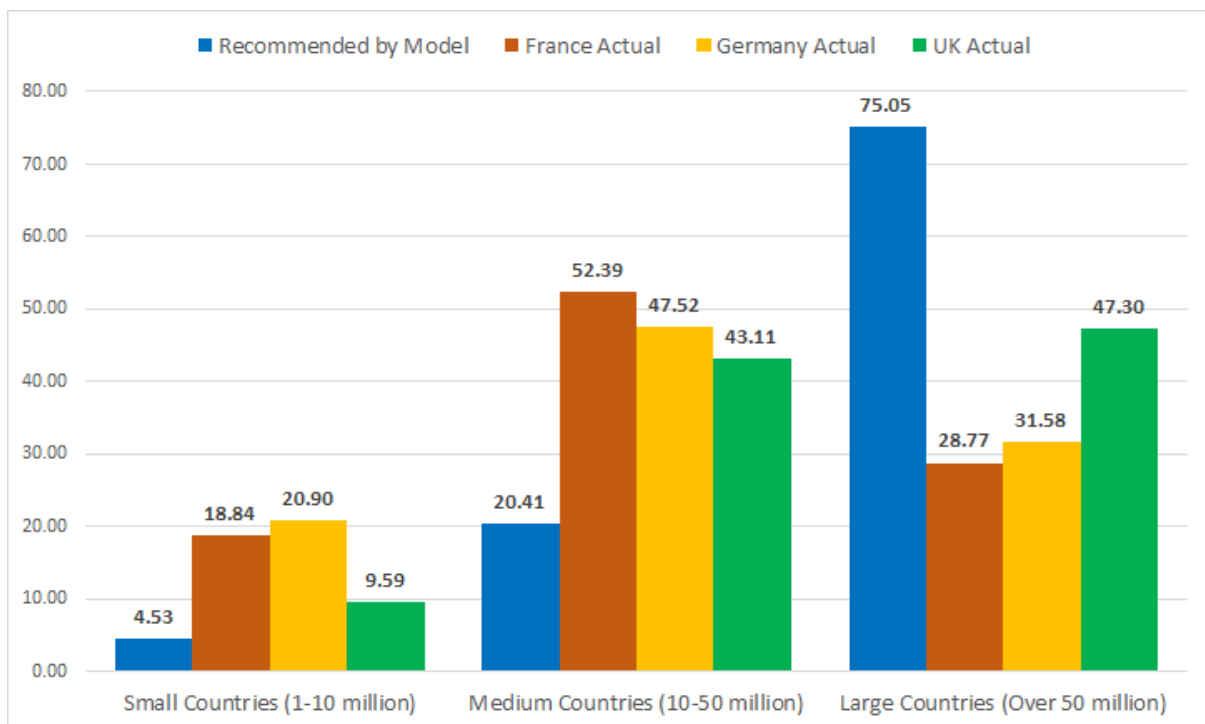


Figure 18: Percentage of Key Member State Development Aid Disbursed to Population Size Groupings in MDG Era



To summarise, the development aid allocation of the EU during the MDG era was affected by the two obvious biases of a geographic bias towards the Enlargement Area and Neighbourhood, and a population bias against large countries. Both of these biases were also exhibited, though generally to a notably less extent, by the key Member States. Of particular note was the fact that during the MDG era, the EU distributed over 40% of its development aid budget to the Enlargement area and Neighbourhood; regions that are geographically proximal to the EU itself, but have notably lower levels of need than other parts of the world. This would appear to reflect a deliberate decision by the EU to focus its energies on its own region of the world. Regarding the large countries, it is important to note that, regardless of their overall level of development, they are generally considered to be important and influential in the international system, and also as more capable of generating their own development progress. As such, they are often seen as less suitable targets for development aid, and in some cases are donors themselves, and prefer to be cast as such rather than as development aid recipients; this is particularly the case with India and China, the two countries the model recommends receive the highest shares of development aid. Overall, these biases may be justifiable or defensible, and the anti-large country bias in particular is not uncommon, but nonetheless it is necessary to acknowledge that they reduce the influence of need on the EU's overall development aid distribution.

Section 5.2 – Pearson Correlation Coefficient Tests

In addition to aiding in the production of descriptive statistics, the HDI-based aid allocation model can be used in statistical tests. This section summarises the results of Pearson Correlation Coefficient Tests run comparing those development aid proportions suggested by the model, with those actually observed in the real world; the Pearson test is a simple statistical test commonly used in the social sciences to test for an association between variables. For the purposes of this research, it is testing for a potential association between need as expressed by the model, and the actual development aid distributions of the EU and the key Member States. The tests were performed using the SPSS statistical package from IBM, a piece of software widely used in the social sciences.

The tests were run for each of the four donors being examined in the research; the EU, and the key Member States of France, Germany and the UK. Again, the primary focus, as for research as a whole, was on the EU, and the Member States were included mainly for comparative purposes. The tests were run with four different samples of recipients, to reflect the obvious biases overviewed in the previous section. The first of these samples contained all recipient countries included in the research. The second sample contained all countries in the study except those located in the Enlargement Area or Neighbourhood, to remove the geographic bias towards those countries already accounted for. The third sample contained all except those large countries with a population of over 50 million, to

remove the anti-large country bias already accounted for. The final sample included all countries except the large countries and the Enlargement Area and Neighbourhood countries; that is, it included all the small and medium countries located outside the Enlargement Area and Neighbourhood. Thus, this fourth and final sample removed both the clear biases already identified. Due to different makeup of these samples, it was necessary to recalculate the model for each of them.

The most important figure generated by the test is the correlation value, which is a number between -1 and 1. This indicates the extent to which the two variables, in this case the proportion of development aid recommended by the model, and the actual proportion of development aid disbursed, are associated. A value of -1 indicates a perfect negative relationship between the variables, which would mean that the distribution of development aid was perfectly negatively associated with need, as unlikely finding. A value of 0 indicates no relationship between the variables, which would mean that levels of need have no impact on levels of development aid. A value of 1 indicates a perfect positive relationship

Figure 19: Summary of EU Pearson Test Results

Sample 1: All Countries in Study				Sample 2: EA and Neighbourhood Removed			
		Model	Actual			Model	Actual
Model	Pearson Correlation	1	.082	Model	Pearson Correlation	1	.247*
	Sig. (2-tailed)		.377		Sig. (2-tailed)		.018
	N	118	118		N	92	92
Actual	Pearson Correlation	.082	1	Actual	Pearson Correlation	.247*	1
	Sig. (2-tailed)	.377			Sig. (2-tailed)	.018	
	N	118	118		N	92	92

Sample 3: Large Countries Removed				Sample 4: Small Sample			
		Model	Actual			Model	Actual
Model	Pearson Correlation	1	.394**	Model	Pearson Correlation	1	.810**
	Sig. (2-tailed)		.000		Sig. (2-tailed)		.000
	N	100	100		N	76	76
Actual	Pearson Correlation	.394**	1	Actual	Pearson Correlation	.810**	1
	Sig. (2-tailed)	.000			Sig. (2-tailed)	.000	
	N	100	100		N	76	76

*. Correlation is significant at the 0.05 level (2-tailed).

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between the variables, which means that the distribution of development aid was perfectly associated with need, an ideal finding. Practically, the values generated are located between 0 and 1; a value closer to 0 indicates a weaker relationship between the aid allocation and need as expressed by the model, while a value of closer to 1 indicates a stronger relationship. It is important to note that three of the 16 tests generated results that cannot be considered statistically significant due to the particular makeup of those samples, but are still included for completeness and nonetheless still give a broad indication of the relationship. Also, as always in the social sciences, it is necessary to state that correlation tests themselves indicate only the extent to which the variables are correlated, and not whether a causal relationship between them exists.

Pearson tests for all four donors were run with all four samples. This allowed for comparisons of the extent to which each combination was associated with need. Figure 19 offers a summary of the results of the Pearson tests run with the EU data, Figure 20 offers a summary of the test results run with the data for France, Figure 21 summarises the test results for Germany, and Figure 22 summarises the test results for the UK.

Figure 20: Summary of France Pearson Test Results

Sample 1: All Countries in Study				Sample 2: EA and Neighbourhood Removed			
		Model	Actual			Model	Actual
Model	Pearson Correlation	1	.133	Model	Pearson Correlation	1	.140
	Sig. (2-tailed)		.150		Sig. (2-tailed)		.182
	N	118	118		N	92	92
Actual	Pearson Correlation	.133	1	Actual	Pearson Correlation	.140	1
	Sig. (2-tailed)	.150			Sig. (2-tailed)	.182	
	N	118	118		N	92	92

Sample 3: Large Countries Removed				Sample 4: Small Sample			
		Model	Actual			Model	Actual
Model	Pearson Correlation	1	.306**	Model	Pearson Correlation	1	.267*
	Sig. (2-tailed)		.002		Sig. (2-tailed)		.020
	N	100	100		N	76	76
Actual	Pearson Correlation	.306**	1	Actual	Pearson Correlation	.267*	1
	Sig. (2-tailed)	.002			Sig. (2-tailed)	.020	
	N	100	100		N	76	76

** . Correlation is significant at the 0.01 level (2-tailed).

* . Correlation is significant at the 0.05 level (2-tailed).

Figure 21: Summary of Germany Pearson Test Results

Sample 1: All Countries in Study				Sample 2: EA and Neighbourhood Removed			
		Model	Actual			Model	Actual
Model	Pearson Correlation	1	.403**	Model	Pearson Correlation	1	.407**
	Sig. (2-tailed)		.000		Sig. (2-tailed)		.000
	N	118	118		N	92	92
Actual	Pearson Correlation	.403**	1	Actual	Pearson Correlation	.407**	1
	Sig. (2-tailed)	.000			Sig. (2-tailed)	.000	
	N	118	118		N	92	92

** . Correlation is significant at the 0.01 level (2-tailed).

Sample 3: Large Countries Removed				Sample 4: Small Sample			
		Model	Actual			Model	Actual
Model	Pearson Correlation	1	.348**	Model	Pearson Correlation	1	.354**
	Sig. (2-tailed)		.000		Sig. (2-tailed)		.002
	N	100	100		N	76	76
Actual	Pearson Correlation	.348**	1	Actual	Pearson Correlation	.354**	1
	Sig. (2-tailed)	.000			Sig. (2-tailed)	.002	
	N	100	100		N	76	76

** . Correlation is significant at the 0.01 level (2-tailed).

** . Correlation is significant at the 0.01 level (2-tailed).

The tests generated a number of interesting results regarding the extent to which the development aid distribution of the EU was associated with need during the MDG era. The most important test was that with Sample 1, as it included all the countries in the study. For the EU, this generated a correlation value of 0.082, which being very close to 0, indicates that there is only a very weak relationship between the variables. This was one of the three results not considered statistically significant, but nonetheless was the lowest score recorded amongst all the tests. The value generated for Sample 2, the sample with the geographically favoured countries removed, was 0.247. While this still indicates a weak relationship, it shows EU development aid to be more closely associated with need if the Enlargement Area and Neighbourhood are taken out of consideration. Sample 3, the sample without the large countries, generated a value of 0.394; again, this is still not a close relationship, but it does indicate that the development aid allocation of the EU was more closely associated with need amongst small and medium countries as a group, than amongst all recipients. These scores show the existence and effect of the two biases overviewed in the previous section, and indicate the anti-large country bias to be playing a stronger role than the geographic bias. Finally, Sample 4, the sample with both of these biases removed, generated a value of 0.810, which indicates a close positive relationship between the

Figure 22: Summary of UK Pearson Test Results

Sample 1: All Countries in Study			
		Model	Actual
Model	Pearson Correlation	1	.563**
	Sig. (2-tailed)		.000
	N	118	118
Actual	Pearson Correlation	.563**	1
	Sig. (2-tailed)	.000	
	N	118	118

** . Correlation is significant at the 0.01 level (2-tailed).

Sample 2: EA and Neighbourhood Removed			
		Model	Actual
Model	Pearson Correlation	1	.557**
	Sig. (2-tailed)		.000
	N	92	92
Actual	Pearson Correlation	.557**	1
	Sig. (2-tailed)	.000	
	N	92	92

** . Correlation is significant at the 0.01 level (2-tailed).

Sample 3: Large Countries Removed			
		Model	Actual
Model	Pearson Correlation	1	.696**
	Sig. (2-tailed)		.000
	N	100	100
Actual	Pearson Correlation	.696**	1
	Sig. (2-tailed)	.000	
	N	100	100

** . Correlation is significant at the 0.01 level (2-tailed).

Sample 4: Small Sample			
		Model	Actual
Model	Pearson Correlation	1	.722**
	Sig. (2-tailed)		.000
	N	76	76
Actual	Pearson Correlation	.722**	1
	Sig. (2-tailed)	.000	
	N	76	76

** . Correlation is significant at the 0.01 level (2-tailed).

variables. This was the highest score amongst the 16 tests run, and indicates that once the geographic bias and population size bias were accounted for, the remaining EU development aid was allocated on a basis closely reflecting relative recipient needs. That is, within this sample group, a greater level of need was associated with a greater proportion of development aid received.

The results for the tests run for the distributions of the key Member States, for comparative purposes, are also summarised in tables in this section; there are three important points to note regarding how they compare overall with the EU. Firstly, for Sample 1, which includes all countries in the study, the allocations for all three of the key Member States are more closely associated with need than that of the EU; this is a clear finding. Secondly, while the removal of countries affected by the two biases clearly improves the association of the model recommendations with the actual figures for the EU, it does this to a much weaker extent for the Member States. This indicates that those particular biases are uniquely strong for the EU, and that the distributions of the key Member States are affected by other issues not examined in this thesis. Thirdly, and relatedly, the EU distribution appears in stages to be more equitable compared with the Member States as the obvious biases are removed; it has a more equitable distribution than France with the geographic bias

removed, a more equitable distribution than both France and Germany with the large countries removed, and more equitable distribution than all three with both biases removed. Finally, a comparison between the Member States themselves shows a clear result; of those three donors, the development aid distribution of the UK is most closely associated with need in each of the four sample groups. For each of the tests, the correlation value generated for the UK was above 0.5, which indicates a close relationship between need and the development aid allocation of that donor. Furthermore, all four sample groups showed France to have the weakest relationship between levels of need and actual aid allocations amongst the three key Member States, while in all cases Germany occupied the middle position.

Section 5.3 – Identification of Chronically Underfunded Countries

The problem of chronically underfunded countries, overviewed in Section 2.8, is an issue gaining increasing attention in development studies, and is a focus for this thesis. A potential use of the HDI-based aid allocation model is to identify the numbers and identities of countries that can be considered chronically underfunded. In this case, it does this by comparing the proportion of development aid each recipient received during the MDG period against the proportion predicted by the model. Using overall totals from a large period of 13 years is a sufficient justification to classify those countries shown to be underfunded as chronically underfunded. However, it is important to note that technically they are better understood as potentially chronically underfunded due to the possibility they may be relatively well-funded by other donors not investigated in this research, or through other means of financing for development not investigated in this research.

The Pearson tests overviewed in the previous section utilised four different samples of recipients, to account for the clear biases in the distribution of EU development aid identified earlier. When looking to identify chronically underfunded countries the most useful sample of these was Sample 4, the small sample with the countries affected by the two clear biases removed. This was for two main reasons. Firstly, the effect of the geographic and population size biases is so strong that if included in a sample, the Enlargement Area and Neighbourhood countries are consistently identified as relatively overfunded, and the large countries are consistently identified as chronically underfunded, reflecting findings already identified and established in the research. Secondly, the finding that within the small sample EU development aid is overall strongly associated with need is notable, and it would be particularly interesting to investigate which countries can be identified as relatively overfunded or chronically underfunded within this group.

**Figure 23: Percentage of Aid Recommended by HDI-based Allocation Model
(small sample)**

Country	% Rec.				
Sudan	5.999	Senegal	1.580	Argentina	0.394
Tanzania	5.902	Sierra Leone	1.580	Kyrgyzstan	0.389
Kenya	4.391	Zambia	1.537	Congo	0.381
Uganda	4.160	Burundi	1.509	El Salvador	0.370
Mozambique	3.903	Rwanda	1.433	Paraguay	0.339
Afghanistan	3.864	Haiti	1.266	Lesotho	0.257
South Africa	3.219	Benin	1.208	Guinea-Bissau	0.238
Nepal	3.061	Guatemala	1.121	Gambia	0.226
Niger	2.802	Peru	1.043	Turkmenistan	0.205
Yemen	2.786	PNG	0.842	Namibia	0.172
Cote d'Ivoire	2.756	Togo	0.793	Mongolia	0.159
Angola	2.534	Venezuela	0.787	Saudi Arabia	0.158
Burkina Faso	2.490	CAR	0.747	Botswana	0.131
Cambodia	2.427	Eritrea	0.706	Swaziland	0.126
Cameroon	2.427	Sri Lanka	0.653	Costa Rica	0.114
Madagascar	2.398	Laos	0.638	Jamaica	0.106
Ghana	2.350	Tajikistan	0.620	Timor-Leste	0.101
Mali	2.307	Ecuador	0.615	Panama	0.084
Malawi	2.188	Liberia	0.594	Gabon	0.083
Colombia	1.949	Bolivia	0.573	Chile	0.075
Chad	1.926	Honduras	0.570	Oman	0.058
Iraq	1.917	Malaysia	0.537	Uruguay	0.048
Zimbabwe	1.851	Dominican Rep.	0.461	Cuba	0.047
Guinea	1.661	Kazakhstan	0.457	Mauritius	0.035
Uzbekistan	1.653	Nicaragua	0.450	Trinidad and T.	0.030
		Mauritania	0.432		

To clarify, the small sample used in the below calculations is made up of all those recipients in the study not located in the Enlargement Area or Neighbourhood with populations of less than 50 million. While labelled the small sample for the purposes of this research, it contains a still-significant number of 76 countries that are roughly comparable to each other, and on the whole receive an equitable distribution of development aid from the EU. The use of the small sample necessitated a recalculation of the HDI-based aid allocation model, and the proportions recommended for each country in the sample are shown in Figure 23; they are shown to three decimal places and listed from the largest recommendation to the smallest.

Figure 24: Comparison of HDI-based Allocation Model with Actual Percentage Disbursed by EU (small sample)

Country	Model	Actual	Diff.
Afghanistan	3.86	6.47	2.60
Haiti	1.27	2.44	1.17
Mauritania	0.43	1.53	1.10
Mauritius	0.03	1.13	1.09
Jamaica	0.11	1.15	1.05
South Africa	3.22	4.24	1.02
Zambia	1.54	2.43	0.89
Mali	2.31	3.17	0.86
Burkina Faso	2.49	3.31	0.82
Nicaragua	0.45	1.26	0.81
Bolivia	0.57	1.33	0.75
Dominican Rep.	0.46	1.19	0.73
Benin	1.21	1.93	0.72
Liberia	0.59	1.25	0.66
Rwanda	1.43	2.07	0.64
Burundi	1.51	2.04	0.53
Honduras	0.57	1.03	0.46
Guinea-Bissau	0.24	0.68	0.44
Timor-Leste	0.10	0.54	0.44
Lesotho	0.26	0.69	0.43
Namibia	0.17	0.55	0.38
El Salvador	0.37	0.74	0.37
Chile	0.07	0.44	0.37
Sri Lanka	0.65	1.00	0.35
Senegal	1.58	1.91	0.33
Chad	1.93	2.24	0.31
Argentina	0.39	0.68	0.29
Botswana	0.13	0.42	0.29
Congo	0.38	0.66	0.28
Swaziland	0.13	0.38	0.26
Malawi	2.19	2.41	0.22
Gabon	0.08	0.28	0.20
Kyrgyzstan	0.39	0.57	0.18
Cuba	0.05	0.20	0.15
CAR	0.75	0.90	0.15
Uruguay	0.05	0.19	0.14

Ecuador	0.62	0.73	0.12
Gambia	0.23	0.30	0.07
Tajikistan	0.62	0.69	0.07
Mozambique	3.90	3.97	0.07
Paraguay	0.34	0.40	0.06
Sierra Leone	1.58	1.62	0.04
Costa Rica	0.11	0.12	0.00
Panama	0.08	0.08	0.00
Mongolia	0.16	0.13	-0.03
Niger	2.80	2.78	-0.03
Trinidad and T.	0.03	0.00	-0.03
Peru	1.04	0.99	-0.05
Madagascar	2.40	2.35	-0.05
Oman	0.06	0.00	-0.06
Eritrea	0.71	0.61	-0.09
Turkmenistan	0.21	0.07	-0.13
Iraq	1.92	1.79	-0.13
Saudi Arabia	0.16	0.00	-0.16
Kazakhstan	0.46	0.29	-0.16
Togo	0.79	0.61	-0.19
Laos	0.64	0.33	-0.30
Guatemala	1.12	0.78	-0.34
Ghana	2.35	1.97	-0.38
PNG	0.84	0.44	-0.41
Zimbabwe	1.85	1.44	-0.41
Malaysia	0.54	0.00	-0.54
Venezuela	0.79	0.25	-0.54
Guinea	1.66	0.92	-0.75
Colombia	1.95	1.15	-0.80
Cote d'Ivoire	2.76	1.89	-0.86
Cameroon	2.43	1.54	-0.89
Sudan	6.00	5.02	-0.98
Uganda	4.16	3.00	-1.16
Angola	2.53	1.28	-1.26
Uzbekistan	1.65	0.19	-1.46
Cambodia	2.43	0.80	-1.63
Kenya	4.39	2.70	-1.69
Yemen	2.79	0.82	-1.97
Tanzania	5.90	3.81	-2.09
Nepal	3.06	0.70	-2.36

Country	Model	Actual	Diff.
Iraq	1.92	8.85	6.93
Afghanistan	3.86	7.14	3.28
Congo	0.38	2.31	1.93
Cameroon	2.43	3.87	1.44
Cote d'Ivoire	2.76	3.98	1.22
Senegal	1.58	2.72	1.14
Zambia	1.54	2.54	1.00
Mauritius	0.03	0.70	0.66
Nicaragua	0.45	1.04	0.59
Mauritania	0.43	1.01	0.58
Liberia	0.59	1.14	0.55
Ghana	2.35	2.85	0.50
Bolivia	0.57	1.03	0.46
Chile	0.07	0.53	0.45
Jamaica	0.11	0.50	0.39
Botswana	0.13	0.50	0.37
Namibia	0.17	0.51	0.34
Rwanda	1.43	1.77	0.33
Gabon	0.08	0.37	0.28
Benin	1.21	1.44	0.23
Dominican Rep.	0.46	0.69	0.23
Mongolia	0.16	0.35	0.19
Timor-Leste	0.10	0.27	0.17
Haiti	1.27	1.41	0.15
Argentina	0.39	0.50	0.11
Lesotho	0.26	0.34	0.08
Costa Rica	0.11	0.19	0.08
Cuba	0.05	0.12	0.07
Kyrgyzstan	0.39	0.46	0.07
Honduras	0.57	0.64	0.07
Uruguay	0.05	0.12	0.07
El Salvador	0.37	0.42	0.05
Guinea-Bissau	0.24	0.28	0.04
Sri Lanka	0.65	0.69	0.04
Malawi	2.19	2.22	0.03
Swaziland	0.13	0.13	0.01
Trinidad and T.	0.03	0.01	-0.02
Togo	0.79	0.75	-0.04
Panama	0.08	0.03	-0.06
Oman	0.06	0.00	-0.06
Gambia	0.23	0.16	-0.07
Peru	1.04	0.96	-0.08

South Africa	3.22	3.12	-0.10
Mali	2.31	2.21	-0.10
Ecuador	0.62	0.50	-0.12
Tajikistan	0.62	0.49	-0.13
Saudi Arabia	0.16	0.02	-0.13
CAR	0.75	0.61	-0.14
Paraguay	0.34	0.18	-0.16
Laos	0.64	0.48	-0.16
Turkmenistan	0.21	0.04	-0.17
Sierra Leone	1.58	1.40	-0.18
Kazakhstan	0.46	0.26	-0.20
Burkina Faso	2.49	2.23	-0.26
Zimbabwe	1.85	1.53	-0.32
Madagascar	2.40	2.04	-0.36
Eritrea	0.71	0.30	-0.41
Burundi	1.51	1.10	-0.41
Malaysia	0.54	0.11	-0.43
Mozambique	3.90	3.46	-0.44
Chad	1.93	1.37	-0.56
Venezuela	0.79	0.19	-0.60
Guatemala	1.12	0.49	-0.63
Colombia	1.95	1.31	-0.64
PNG	0.84	0.16	-0.68
Guinea	1.66	0.93	-0.73
Niger	2.80	1.90	-0.90
Kenya	4.39	3.06	-1.33
Uzbekistan	1.65	0.30	-1.35
Cambodia	2.43	0.96	-1.47
Yemen	2.79	1.21	-1.58
Uganda	4.16	2.57	-1.59
Nepal	3.06	1.43	-1.63
Tanzania	5.90	4.17	-1.74
Angola	2.53	0.61	-1.92
Sudan	6.00	3.71	-2.29

Figure 25: Comparison of HDI-based Allocation Model with Actual Percentage Disbursed by EU, France, Germany and the UK Combined (small sample)

Figure 24 shows a comparison of the proportions recommended by the model for each recipient country against the proportion of development aid funding it actually received from the EU during the MDG era. In this display the recipients are ordered by the difference between the two figures, with those most relatively overfunded at top and those most underfunded at the bottom. Regarding the key Member States, it is not reasonable to compare them with the EU using the small sample, as their distributions are affected by different issues not accounted for in this research, and the sample has been constructed to account for the two clear biases of the EU; Member State distributions would show as unbalanced within this particular sample, despite the fact that they each have a more equitable development aid distribution overall than the EU. Nonetheless, there is value in displaying a composite of the smaller sample figures for the EU and the Member States; it can illuminate the issue of chronically underfunded countries further, as it represents a greater bulk of overall funding without overly unbalancing the proportions. Each of the three key Member States gave a total amount of development aid to this group of countries over the MDG period that was comparable to that of the EU. So, using the small sample, Figure 25 shows a comparison of the proportions for each recipient recommended by the model, against the proportion of the total development aid funding pool of the EU and the three key Member States combined that it received during the MDG era; again, the recipients are ordered by difference, with those most relatively overfunded at the top, and those most underfunded at the bottom.

While these tables show the distance between the model prediction and the actual proportion received for each recipient, and the listing of them in order shows how they compare with each other, discretion is required to interpret the level of distance necessary to deem a particular recipient relatively overfunded or underfunded. The general benchmark adopted in this research is that a difference of 1 between the percentage of the overall total recommended by the model and that actually received is sufficient to constitute being relatively overfunded or underfunded. It is interesting to note that within this sample few countries receive a share of the total sufficiently different from that recommended by the model to cross this benchmark. This shows that, within this sample of countries, the EU appears to take into account relative levels of need when determining its development aid distribution. Nonetheless, using the 1% of total benchmark, the six countries listed at the top of Figure 24 can be considered as relatively overfunded, and the eight countries at the bottom can be considered as relatively underfunded. The composite table, Figure 25, which includes the Member States, reveals two points of interest. Firstly, the set of seven countries identified as relatively overfunded includes six different recipients from the previous table, indicating that amongst this sample group the EU and the key Member States tend to favour different recipients. Secondly, the set of nine countries identified as relatively underfunded is almost identical to that in the previous table,

with only one new entry; this indicates that amongst this sample group the EU and the key Member States tend to allow the same group of countries to go underfunded.

Figure 26 summarises the information contained in these tables in map form. For simplicity, it groups those countries identified as relatively overfunded or underfunded in at least one of the two tables together. The red countries can be classified as potentially chronically underfunded and the yellow countries can be classified as relatively overfunded. The green countries are those that were not indicated to be relatively overfunded or underfunded. The grey countries are those that were not included in this sample, and the blue countries are the Member States of the EU.

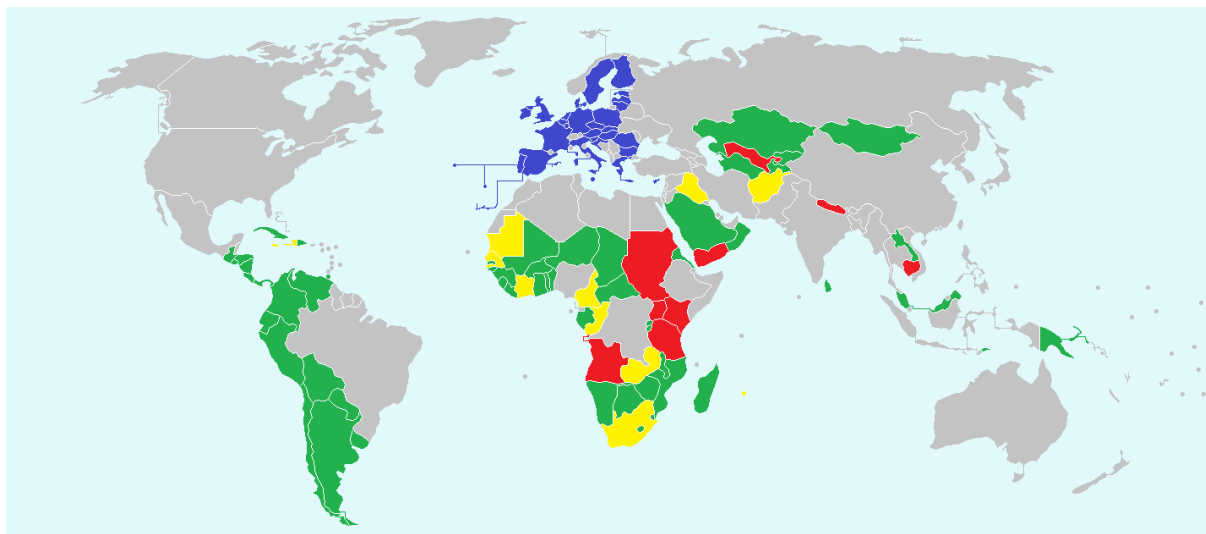


Figure 26: Map of Potentially Chronically Underfunded Countries

CHAPTER SIX

Section 6.1 – Summary of Findings

The previous chapter analysed the performance of the European Union (EU) as a development aid donor by examining its development aid distribution. It did so using the HDI-based aid allocation model introduced in this research, and thus provided examples of how the model can be applied.

A comparison of the proportions of EU development aid funding received during the era of the Millennium Development Goals (MDGs) by different geographic groups of recipients, based on the different development aid funding instruments used by the EU, indicates a clear bias towards the Enlargement Area and Neighbourhood. While the model recommends around 4% of development aid be disbursed to these groups, the EU disburses just over 40% of its development aid budget to them. During the MDG era, the EU bias towards the Enlargement Area and Neighbourhood was much stronger than the historic bias it has had towards the Africa-CP group, although the latter bias is still in effect to a lesser extent. The geographic bias towards the Enlargement Area and Neighbourhood appears somewhat unique to the EU, as the Member States used for comparative purposes exhibit this bias much more weakly.

A comparison of the proportions of EU development aid funding received during the MDG era by different groups of recipients based on their population size also indicates a clear bias, in this case against large countries. The EU disburses around 26% of its development aid to large countries, while the model recommends that group should receive 75% of development aid funding. The high recommendation is a reflection of the fact that large numbers of poor people are living in developing countries that overall are not among the poorest. This bias, usually characterised as a small country bias but better understood here as an anti-large country bias, is not uncommon in development, but the EU appears to exhibit it particularly strongly, as when compared with the key Member States for instance.

Statistical testing using the Pearson method was performed comparing the development aid proportions actually received by recipients during the MDG era with those recommended by the HDI-based aid allocation model. This showed that overall the development aid distribution of the EU was not associated with need. Furthermore, the distribution of the EU was less closely associated with need than those distributions of each of the key Member States.

However, once those recipient countries affected by the biases outlined above were removed, the development aid distribution of the EU was shown to be strongly associated with need as expressed by the model. As previous studies examining EU development aid allocations have generally been critical, this is perhaps a surprising and encouraging finding. Amongst the three key Member States examined, the development aid distribution of the United Kingdom (UK) was consistently shown to be the most closely associated with need, that of France to be the least closely associated with need, and that of Germany to be situated between them.

Finally, the model was used to investigate the potential presence of chronically underfunded countries in the development aid distribution of the EU; to do this it used the smaller sample of countries that as a sample group had been shown to have a distribution closely associated with need overall. The analysis identified twelve countries that could potentially be considered as relatively overfunded countries; this included eight countries in Africa (Cameroon, Congo, Cote d'Ivoire, Mauritania, Mauritius, Senegal, South Africa and Zambia), two countries in the Caribbean (Haiti and Jamaica), and two countries in Asia (Afghanistan and Iraq). More pertinently, it identified nine countries that could potentially be considered as chronically underfunded countries; five in Africa and four in Asia. The African countries identified were Angola, Kenya, Sudan, Tanzania and Uganda, and the Asian countries identified were Cambodia, Nepal, Uzbekistan and Yemen. With the exception of Nepal, these countries do not match those identified as potentially chronically underfunded by the two previous studies examining the matter; though those studies used different and shorter time periods, different models not generally based on need, and did not have an exclusive focus on the EU. It is important to note that while the countries identified are potentially chronically underfunded, further investigation would be required to confirm them as such.

Section 6.2 – Revisiting the Research Topic

This thesis began by outlining a number of research questions designed to guide its overall approach and as it concludes it is necessary to revisit these questions.

The main guiding research question for this thesis called for an investigation of the extent to which the development aid distribution of the EU reflected the relative human development needs of recipients. This research question informed the overall structure of the thesis, which was organised in such a way as to best examine its components. The development studies perspective adopted in Chapter 2 situated the specific issue of development aid allocations within the wider context of ideas about development aid, and in the yet wider context of ideas and theories about development itself; Section 2.2 in particular outlines the human development approach and how it understands need. The European studies perspective adopted in Chapter 3 situated the issue of the EU's development aid distribution within the wider context of the EU's overall approach to development, which is set within the yet wider context of the unique international actor that is the EU itself. The sections contained in those chapters have each illuminated a relevant aspect that in some way influences the extent to which the development aid distribution of the EU reflects relative human development needs.

The research model based on the main guiding research question identified need as the independent variable and the development aid distribution as the dependent variable. Section

2.7 examined the main influences that guide development aid allocations, and identified these as need, institutional performance and political factors; the latter two influences thus constitute intervening variables. While it was hypothesised that need played an important role in determining the development aid distribution of the EU, the analysis performed in this research indicates that overall it does not. However, once two clear biases are accounted for, a geographic bias towards the Enlargement Area and Neighbourhood, and a population size bias against large countries, need is shown to be closely associated with the development aid distribution of the EU.

An additional focus of this research was on the related research questions querying the extent to which the EU's approach to development aid was influenced respectively by development theory and the nature of the EU itself. The first half of Chapter 2 introduced the most prominent theories and ideas about development, as well as the human development approach adopted in this thesis, and the contemporary evolution of development theory. Meanwhile, the first half of Chapter 3 outlined the unique and complex structure of the EU and approaches to understanding how it operates. Both aspects undoubtedly have some effect on the EU's behaviour as a development aid donor. The EU's approach to development is generally seen as reflecting a neoliberal development outlook, and the nature of the Cotonou Agreement reflects this; however overall the EU does not appear to have a strong ideological stance regarding development theory, but rather is influenced more by its own nature. This is reflected in the likes of the relatively high proportion of aid it gives to regional organisations in the developing world, the inclusion of the regional Economic Partnership Agreements (EPAs) aspect in the Cotonou Agreement, and the influence of regional biases on its development aid distribution. The historic Africa-CP bias reflects the institutional relationship it formed with a group made up largely of former colonies of two of its prominent Member States. The stronger Enlargement Area and Neighbourhood bias is unique to the EU in development and can be traced to the successive enlargements that constitute an important part of its history. These and other facets of the EU's approach to development can be traced to aspects of its own nature more so than to general theories and ideas about development.

A secondary focus of this research was on the chronically underfunded countries problem and the extent to which the EU allowed certain recipient countries to go underfunded in the distribution of its development aid. Section 2.8 examined the chronically underfunded countries problem in particular. The analysis performed in this research suggests a two-tiered answer to this question. Firstly, the distribution of the EU's development aid is affected more strongly by the geographic and population size biases than by any specific imbalances between comparable recipients. Secondly, amongst small and medium countries outside the geographic bias area, the EU's development aid distribution is surprisingly equitable, though it does allow potentially up to nine countries to go chronically underfunded. This appears to be a low number, but as this is a new and emerging research area it is difficult to reach a strong conclusion in this regard.

An additional secondary focus for this research was on how the development aid distribution of the EU compared with the three key Member States of France, Germany and the UK. As the Member States were only analysed within the context of the EU and the complex governance structure of Europe, and not in their own right, conclusions on this matter are necessarily tentative. It was hypothesised that the development aid distribution of the EU would better reflect relative needs than that of the key Member States, due to the traditionally strong effect of political factors on the behaviour of bilateral donors. The conclusion based on the analysis performed by this research is the opposite; the development aid distribution of the key Member States more closely reflects relative needs than that of the EU. The two strong biases that affect the EU's development aid distribution affect the Member States much more weakly. The general absence of an Enlargement Area and Neighbourhood bias amongst the Member States is interesting and somewhat confirms the idea that they believe they have outsourced this region to the EU. Of the three Member States themselves, the analysis shows the aid distribution of the UK to most closely reflect human development needs, followed by Germany and then France.

The last remaining issue raised by the research questions referred to investigating the extent to which the EU's approach to development indicated it constitutes a normative power in international relations. Section 3.3 examined the concept of normative power, and Section 3.4 examined linkages between the concept and development policy in particular. Regarding this issue the research is somewhat inconclusive. While the rhetorical approach of the EU to development in many ways indicates a normative ambition, its ability to shape development theory and the development agenda appears limited, especially considering its status as the world's leading donor in monetary terms. Furthermore, it is difficult to conclude the EU constitutes a normative power in development considering the strong biases that affect its development aid distribution and the fact that overall, according to the analysis performed here, need does not play a leading role in determining said distribution.

Section 6.3 – Practical Implications

The EU and its Member States together constitute the world's leading donor in monetary terms. Thus they have the greatest capacity to positively influence developmental changes in the world. However, the EU often overstates its role as in actuality the Member States themselves have chosen to retain primary control of their development aid budgets. The development aid budget of the EU, while not insignificant, is comparable overall to that of the large Member States. Within the complex governance structure of Europe, traditionally the EU is able to gain greater powers from the Member States if it can show it is a more effective actor

in a given field. Therefore, to increase that part of the development aid budget it directly controls, the EU must prove to the Member States that it can function more effectively than they as a development actor. The analysis in this research suggests that during the MDG era, the key Member States had more equitable development aid distributions than the EU. Thus, it is difficult to argue, from a human development perspective, that the EU should be given a greater share of the overall European development aid packet to distribute. Rather, it suggests that reform is needed in the way the EU distributes its development aid, to better take account of the relative needs of recipients.

The development aid distribution of the EU is surprisingly equitable once the two clear biases that affect it have been taken into account, therefore creating a more equitable overall development aid distribution for the EU necessarily involves confronting these biases. The geographic bias towards the Enlargement Area and Neighbourhood appears unique in development and is difficult to justify in terms of human development needs, as these countries are relatively developed compared to other parts of the world. Furthermore, it suggests that in the field of development, the EU's ambition is to be a regional actor rather than a global actor, which contradicts the general rhetoric of the EU on the matter. A more global distribution of development aid would better reflect the EU's stated global ambitions, and does not preclude assisting the Enlargement Area and Neighbourhood countries through means other than development aid. Finally, while some degree of small country bias is commonplace in development, the anti-large country bias of the EU is particularly strong; while donors are often reticent to give development aid to countries already perceived as strong in the international system, it seems counterintuitive that a large political unit like the EU would be more influenced by this issue than smaller political units like the Member States. The equitable distribution that characterises the remainder of the EU's development aid packet suggests that it has the potential to stand out as an aid equity-based donor in the global development landscape, if it can reduce the influence of its two strong biases.

More generally, the EU needs to consider the overall approach that it adopts to development if it seeks to become more influential in the field. As an institution, the UN has been associated with and well-known for adopting the human development approach, and now the sustainable development approach. Meanwhile, the United States and the institutions of the Washington Consensus, such as the World Bank, are well-known for adopting and leading the neoliberal approach to development. By contrast, there is not a globally prominent distinct approach to development, supported and underpinned by a wide body of development theory, associated with the EU as an institution. Rather, the EU appears to follow and adopt trends and ideas generated elsewhere. Furthermore, it seems somewhat unclear in its overall approach, influenced to some extent by the humanistic ideals of normative power Europe and the MDGs, but also by neoliberal development ideas, as shown by the trade focus it has largely adopted through the Cotonou Agreement. The region-building aspect that signifies a point of EU differentiation, while contestably considered to have influenced international relations more generally, cannot be considered as highly influential in development. While the leading donor

in monetary terms, the EU does not appear to be a leading actor in development overall, and needs to develop a distinct approach and role for itself that it can be instantly identified with; the expiry of the Cotonou Agreement in 2020 offers a medium-term possibility for this to be enacted and should provide impetus for it. Greater engagement between the European studies and development studies disciplines, and greater engagement from the EU with contemporary thought in development studies, can help in generating a distinct and influential EU approach to development.

Adopting an aid equity approach to development aid disbursements, and deliberately targeting chronically underfunded countries, could help form part of a new and distinct EU approach to development. While need is widely cited as the main justifier for development aid, the reality is that political factors influence its distribution, which creates funding imbalances between recipients when compared with their relative levels of need. The EU, as both the leading donor in monetary terms, and an international actor influenced to some extent by the idea of normative power, is uniquely placed to adopt such an approach. It seems unnecessary that a donor with multilateral characteristics should appear more influenced by traditional political factors than the bilateral donors that are the Member States; thus, this feature of the EU's development aid distribution could be relatively rectifiable. By adopting an aid equity approach to its development aid allocations, and targeting chronically underfunded countries, the EU could not only help improve the developmental circumstances of those countries most in need, but could also give greater clarity of direction to its development policy, and enhance its normative power and overall international standing.

Finally, channelling the normative ambition of the development studies discipline itself, it is necessary to part by stating that in an ideal world, development aid would be directed to the recipient countries most in need of it. The advancement and development of human society over time should be something that all of humanity can share in, and thus levels of absolute deprivation and global inequality should be reduced. An equitable distribution of development aid can help play an admittedly small but nonetheless meaningful role in this process.

Section 6.4 – Future Directions for Research

As is always the case, this research was limited by issues of feasibility and scope, however it has generated six broad areas for potential future research that could allow for further investigation of the issues raised within it.

The most promising area for future research lies in further development and explication of the aid equity concept. While the concept of aid effectiveness is ubiquitous in development, and

clearly has merit, it has led to the undesirable outcome of donors being dis-incentivised from giving development aid to those countries most in need. There is a degree of general concern in development that aid should be distributed in a fair manner, however there is not a strong and influential concept to crystallise these general concerns around, and the concept of aid equity could potentially provide that. While the main intention would be to generate debate and investigation around how aid equity could best be expressed, rather than imposing a clearly defined conception of it, further development of an aid equity model or models could help advance the concept. The HDI-based aid allocation model used in this research could serve as something of a prototype aiding in further investigation of how best to operationalise the aid equity concept.

A related area for further investigation concerns how best to measure and quantify need. This research used the reputable Human Development Index (HDI) as a basis for its investigation, as it was not feasible to create a unique needs index. However, as how best to measure need is a contested concept, it could be of interest to investigate the issue in greater depth, and propose a new and unique, yet appropriate means of quantifying need and levels of development.

A third area for future research could be to investigate other development aid donors, either independently, or in comparison with those donors investigated here. In this research, the main focus was on the EU, and the key Member States of France, Germany and the UK were used for comparative purposes. Comparisons with other EU Member States, such as Sweden and Denmark, both of whom meet the 0.7% target, could be of interest; those two donors in particular offer the possibility to test whether a higher proportion of development aid given is equated with a more equitable distribution. Also, donors from outside the EU, such as the United States, Japan, New Zealand, or multilateral donors such as the World Bank, could be investigated.

An additional area for potential future research could be to investigate changes or trends that may have occurred in development aid distributions during the MDG period. While this research looked at total development aid disbursements for the whole period, breaking the period into smaller blocks would allow for an investigation into changes over time.

An examination of why particular donors may have more equitable development aid distributions than others could also be of interest. This could take qualitative approach and involve interviews with those involved in formulating and administering the development aid policies of the EU and other donors. This approach could also help generate an improved understanding of the approaches taken by the EU and other donors to development more generally.

Finally, the particular recipient countries identified as potentially chronically underfunded, or a select number of them, could be investigated in greater depth. The first part of this would involve further analysis to determine if those potentially chronically underfunded countries were indeed genuinely underfunded. If established as such, a case-study approach would

follow and investigate those particular countries, their political and developmental situations, and why they may be going underfunded. A project of this sort would be an appropriate way to build on the type of research undertaken in this thesis.

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